Washington Post Service SEOUL - President Chun Doo

Hwan and a prominent opposition

Mr. Chan and Kim Young Sam agreed Tuesday to meet after Mr. Kim was reported to have dropped

two conditions to holding the talks One was that another opposition leader, Kim Dae Jung, be released from house arrest. The other was

that the more than 200 protesters

detained over the past two weeks

Kiosk

PRAGUE (Reuters) - Ser-

gei Bubka on Tuesday night set

the seventh pole vault world re-

cord of his career, soaring over the bar at 6.03 meters (19 feet,

Mr. Bubka, the world and

European champion and the

only person to clear 6 meters

broke his own record of 6.01

meters, which he set in Moscow

The record was set at the Ro-sicky Memorial Grand Prix,

which was interrupted by tor-

A scene from "Hard

Dickens: London the-

ater reviews, Page 7.

A French court refused to try

an embezzlement case against

Jean-Claude Duvalier. Page 2.

Jews from the United States

and elsewhere arrived in Rome

to protest Kurt Waldheim's vis-

■ U.S. prices rose 0.3 percent in

May: durables orders dipped

1.8345 1,603 146.05 6.1225

GENERAL NEWS

it to the Vatican.

0.1 percent.

(Del:

122 4.2

BUSINESS/FINANCE

Dow close: DOWN 5.78

The dollar in New York:

DM £ Yen

Soviet Vaulter

Sets Record

9¼ inches.)

in July.

be released.

leader bave agreed to meet

Wednesday for the this time in a series of effort to end nearly two weeks of

street violence in South Korea, offi-

Opposition Leader

To Meet With Chun

On Halting Violence

and others.

PARIS, WEDNESDAY, JUNE 24, 1987

ESTABLISHED 1887 U.S. Seeks

Shultz Will Meet Shevardnadze

nal Herald Tribun GENEVA - George P. Shultz

The official, Edward L. Rowny, who is a special adviser on arms control to President Ronald Reagan and Mr. Shultz, said the delegations would include senior arms negotiators from the Geneva talks on medium-, long-range and space

"It is in Washington and they're working out the dates," Mr. Rowny

vide an important forum for Washington and Moscow to discuss a treaty eliminating medium-range

"I think there will be a good size

Although both sides have said they are anxious to conclude such a treaty, they remain at odds over verification, the timing of missile removal, how many shorter- and medium-range missiles they can keep, and 72 West German Pershing-IA missiles whose nuclear warheads are under U.S. control.

a Lebanese businessman, Ali Os-Brigadier Ghazi Kanaan, the chief of military intelligence for Pershing-2 missiles and Soviet SS-20 missiles in Europe, while allow-30,000 Syrian troops in Lebanon, denied reports in the Beirut press ing each side to keep 100 medinm-range missile warbeads on their that the Syrian command had fixed Tuesday noon as deadline for the kidnappers to release the bostages. According to the reports, the Syrians had threatened to resort to

force if the ultimatum went un-Mr. Osseiran is the oldest son of the Lehanese defense minister, Adel Osseiran, who denied a story in the leading daily newspaper, An-Nahar, on Tuesday that he would ance from Moscow. resign if his son were not set free by

midday Tuesday. Glass were seized by gunmen last Wednesday as they were driving in one of the predominantly Moslem Shiite southern suburbs of Beirut.

The fundamentalist faction. Hezbollah, or Party of God, which is linked to Iran, has denied that it is holding the captives. Last February, Brigadier Kan-

Syrian Denies

Ultimatum on

Kidnapping

By Ihsan A. Hijazi

BEIRUT - A high-ranking Syr-

ian officer said Tuesday that force will not be used for the time being to secure the release of a kidnapped

U.S. journalist, Charles Glass, and

seiran, who was his host.

aan supervised the deployment of 7.000 Syrian soldiers in Moslem West Beirut and routed militiamen who had engaged in bitter street fighting. He returned to Beirut two days

ago with instructions from President Hafez al-Assad to find the missing American and his Lebanese companions. He visited the southern suburbs

Tuesday and met with Sheikh Mohammed Mahdi Chamseddin, the spiritual bead of Lebanon's onemillion Shiite Moslems.

Sources close to the Syrian command said Brigadier Kanaan is tion during a meeting with Mr. sounding out Shite leaders on the possibility of sending Syrian troops into the suburbs, a hotbed for Shiite extremists, with a population of about 700,000.

The possible Syrian deployment was discussed Monday night at a meeting between Brigadier Kanaan and Nabih Berri, the minister of justice who leads the largest Shiite militia, Amal.

The daily newspaper, Al-Hakika, known to reflect Mr. Berri's thinking, said in its lead story Tuesday that the latest kidnappings and factional clashes have underlined the need for Syrian military contingents in the southern suburbs.

To Settle **Arms Snag**

For Treaty Talks

By Thomas Netter

the U.S. secretary of state, and Eduard A. Shevardnadze, the Soviet foreign minister, have agreed to meet in Washington in mid-July in an effort to resolve differences over a treaty on medium-range nuclear missiles, a senior Reagan adminis-tration official said Tuesday.

said during a visit to Geneva in meet with U.S. and Soviet arms negotiators. He said a date for the meeting had yet to be determined. He said the meeting would pro-

effort at Shultz-Shevardnadze to resolve the remaining questions," Mr. Rowny said, "If they are not, or only practically resolved, then you can't expect these people here to work on that complicated treaty and get it done by autumn."

The treaty now under discussion

would eliminate U.S. cruise and pective territory. Last week, the United States proposed additional language for eliminating about 140 Soviet shorter-range missiles. The nited States has no such missiles.

Mr. Rowny suggested, however, that the lack of a concrete Soviet response to the U.S. proposals so far should not be seen as a rejection, but rather an absence of guid-

"I think they have to get some moving," Mr. Rowny said. "They have to be told, for example, if Moscow wants to go to zero on medium-range missiles in Europe.

"But the Soviets' attitude seems to be that these things could be worked out," he added. haven't said they would give in, but they acknowledge for example that verification would be much easier if

those missiles are removed, and that is a step forward." Mr. Rowny also appeared to

play down Soviet resistance to the U.S. proposal for eliminating shorter-range missiles. U.S. officials said that although the public Soviet position remains eliminating such missiles from Europe, while keeping at least 40 launchers in Asia subject to further negotiations, the Kremlin acknowledges that Mikhail S. Gorbachev, the Soviet leader, proposed their elimina-

■ U.S. Denies Talks Are Set In Washington, however, the State Department took issue with Mr. Rowny's statement, Reuters reported

"We've stated often about this question of a ministerial meeting that it's a possibility but nothing has been scheduled," said Phyllis Oakley, a State Department

"I'm saying that a meeting has not yet been scheduled," she said. The possibility certainly exists. Obviously we're considering it."

From Montenegro, Roundabout Road to Better Life

TUZI, Yugoslavia - The black mountains of Montenegro have been verdant in the fullness of spring, and young men's fancies are

For many years, ethnic Albanians from this underdeveloped region just across the mountains from Albania have been entering the United States illegally, to join relatives who

entered earlier under a subterfuge.

"Those who come back to visit in the summer do a lot of advertising for America." said the Reverend Gojcaj Pashko, an ethnic Albanian priest at the Franciscan Mission of St. Anthony

As a result, said Zoran Gregt, undersecretary for foreign relations of Yugoslavia's Republic of Montenegro, the "Mexican connection" rises

18,000 to 20,000 ethnic Albanians from this region bad migrated to the United States. In the

Pretending that they had entered Yugoslavia as refugees from repressive Albania, entire families persuaded American officials at refugee camps in Italy to grant them immigration visas with status as politically persecuted people. From this legal nucleus, the "Mexican connec-

Almost everybody in Tuzi, as well as in the Play and Gusinje farther east, has brothers, sisters or children in the United States. About

Mr. Gregi said that since the mid-1960s, from

In the Play and Gusinje area, most of the ethnic Albanians are Moslems. They, too, seem to have an equal number of companiots in the United States, with New York the favored

The American connection is evident throughout the region because, driven by yearnings for home, many of the migrants return for long stays on native soil. They build houses, make their Social Security pensions go farther than they would in Brooklyn and enjoy living in the mountain calm, surrounded by familiar lan-

guages and sights. But they remain American patriots, even if in 16 years or so they did not acquire U.S. citizen-

change of mind Monday and offered to meet at the presidential residence with Kim Young Sam The meeting between Mr. Chun and Kim Young Sam, president of the main opposition party, the Reunification Democratic Party, comes at a time when Mr. Chun is

his seven-year-rule. The talks between Mr. Chun and Mr. Kim are one of a series of highlevel meetings among government, opposition and U.S. officials that are expected to take place Wednes-

beset by the worst political crisis in

In return, government officials agreed to allow Kim Young Sam to consult with Kim Dae Jung.

Mr. Chun declared an end to

debate on political reform in April and had refused in talk with his

opponents. He announced a

day and Thursday. Gaston J. Sigur Jr., assistant sec-retary of state for East Asian and Pacific affairs, arrived Monday in Seoul and met with Foreign Minister Choi Kwang Soo and Cardinal Kim Sou Hwan, leader of the country's two million Catholics.

Kim Young Sam, in preparing for the meeting with Mr. Chun on Wednesday, said he would seek a retraction of Mr. Chun's April 13 decision suspending talks with the opposition on reforming the constitution. He said he would demand a national referendum on how the next national leader should be

The opposition has said the current system, in which the president \$263 Billion Owed is chosen by an electoral college, is To Rest of World open to manipulation by the ruling party. It wants direct election of the president while the ruling party is Is Double '85 Total proposing a parliamentary system

headed by a prime minister.
When the government guarantees that we can have a democratic overnment," Mr. Kims said, "then there won't be any demonstrations

Mr. Chun is under extreme pressure to introduce democratic reforms. Still, on Tuesday, he proected a business-as-usual image, leaving town for the day for the ial opening of a pair of nuclear percent higher than a revised See ROREA, Page 6- S111.9 billion in debt to foreigners official opening of a pair of nuclear

Widened Lead in '86 as No. 1 Debtor that the United States was carrying Dollar Ends Lower at the end of 1985.

That year marked the first time since 1914 that America was classified as a debtor nation, Debtor status means that foreigners now own more in U.S. investments than Americans own in foreign invest-

Analysts had expected the figure to be around \$200 billion. At \$263.6 billion, the U.S. debt exceeded that of the next three hiegest debtor nations combined, Bra-Mexico and Argentina. For 1986, foreign investment in

the United States shot up 26 percent to \$1.331 trillion. That offset a 13 percent increase in U.S. invest-See DEBT, Page 13

cy's slump has finally ended.

TANKERS COLLIDE - Six persons were missing after two fuel tankers collided Tuesday on the Seine in northwestern France. Page 2.

As Split Emerges

On Its Direction

By Ferdinand Protzman

The dollar's rally in Europe crumbled in late dealings on rumors that the U.S. Federal Reserve

was selling dollars just below the

The dollar shed strong early British pound, which rose to gains Tuesday to finish mostly low- \$1.6030 from \$1,5875. er in Europe and New York, re-While some exchange dealers be-

yen, down from 146.20.

flecting newly split opinion in the lieve that the U.S. currency has market on whether the U.S. curren-bottomed out," and is beginning a "bottomed out," and is beginning a gradual upward trend, the majority of them remain bearish.

levels of 1.85 Deutsche marks and 147 yen.

News that the U.S. foreign debt

more than doubled in 1986 to

\$263.6 billion further depressed the currency. In New York, it ended at 1.8345 DM, down from 1.8470 DM

at Monday's close, and at 146.05

It also weakened against

But the division of opinion is in itself a substantial change, dealers

See DOLLAR, Page 13



RAIN DELAY -- Groundsmen pulled the covers over Wimbledon's center court Tuesday on the second day of rain, but the showers later stopped and Boris Becker, Ivan Lendl and Stefan Edberg won first-round matches.

In Germany to Counter Trade Pressure sales to be about 20 percent higher. chairman, indicated last week that By Ferdinand Protzman In the face of growing hostility to a pact would be signed soon. AG and Toyota Motor Corp., the auto marketplace, however, Japa- auto production agreement with FRANKFURT - Volkswagen

VW, Toyota Agree on Truck Venture

WASHINGTON - The debt

owed by the United States to the

rest of the world more than dou-

bled in 1986 to \$263.6 billion, sink-

ing the nation deeper into its posi-

tion as the world's No. I debtor, the

The Commerce Department said

that the new debt burden was 135

government reported Tuesday.

biggest automakers in Europe and agreed to join forces to produce up to 15,000 Toyota pickup trucks a year at a VW plant in Hannover.

Analysts said the accord, the third such venture between Japanese and European automakers in Europe, appeared to leave the door open for a later agreement on car production.

"Initially, the VW-Toyota agreement may involve only an exchange of technology or know-how on trucks," said an industry analyst for Westdeutsche Landesbank AG in Dusseldorf. "But the Japanese realize that they must eventually produce autos in Europe to protect

their market share and access." Japan sold more than one million cars in EC nations in 1986, and auto industry experts expect 1987 Hahn, VW's managing hoard

nese automakers bave begun turn-

The VW accord, for example, effectively gives Toyota an opportunity to boost its sales in Europe by 15,000 units a year without running afoul of import restrictions. Honda Motor Co. and Nissan Motor Co. have similar joint-venture

production operations in Britain. "It's an effort in get a local production base with a minimum of risk," Ben Moyer, a Merrill Lynch

analyst, told Reuters. The accord, which calls for VW to produce Toyota's Hi-Lux pickup truck under license, had been expected. Talks between the two automotive giants had been under could rise to 15,000 trucks a year. way for several months and Carl H.

Nissan, but analysis said it has not Japan, said Tuesday that they had ing to joint ventures as a way of been a great success. Since its inagreed to join forces to produce up circumventing the possibility of ception in 1984, sales of VW's Sanformal trade curbs on their exports. tana model, jointly produced in Japan with Nissan, have fallen far short of expectations.

A VW spokesman said Toyota will initially supply motors, drive trains, axles and brakes for the oneton trucks, accounting for more than 50 percent of the parts and satisfying the European Community's local-content requirement. The percentage of VW-produced parts will be evaluated as the project develops and may be raised, he add-

The companies said they hope to begin production in early 1989, with a target of 8,000 trucks in the first year. Production after 1990 See VW, Page 6

pletely fulfilled, that Americans

taken bostage in Lebanon would be

From Mr. Ghorbanifar's point

of view, the Iranians were cheated

by the American side, which re-

peatedly overcharged Iran for weapons and failed to deliver on

Mr. Gborbanifar provided

copies of financial documents he

nal committees in support of his

assertion that be made no money

from the weapons shipments. He also made these points:

The arms sales by America

were known to and approved by all

elements of the Iranian govern-

has turned over to the congressio-

released.

Hearings Focus on Iranian Go-Between

By Stephen Engelberg

PARIS - The second phase of the congressional Iran-contra bearings, focusing on the arms sales to lan, opened Tuesday, with one question certain in be at the center of dehate. That question is: why did the

United States gamble its prestige on Manucher Ghorbanifar, the expatriate Iranian businessman who neiped orchestrate the secret deals, even though many in the govern-ment viewed him as unreliable and a liar?
Alluding to the Reagan adminis tration's penchant for relying on him as an intermediary, Mr. Ghor-

banufar said recently: "If they think I cheated them, why did they keep coming back to me?" In this new phase of the hearings, the committees plan to examine the administration's and the president's obsession with the American hostages in Lebanon, which was so intense that it led many officials to

overlook Mr. Ghorbanifar's questionable reputation.
"For the American side," Mr. Gherhanular said. "the hostages were even more important than better relations with Iran. They were pushing for the bostages in every single meeting in every single

A series of a processions in Paris on opening in tenran in the tirst them as a clever confidence game in which gullible White House officials may response the corner across as an inveterate of the corner across A series of a precessitions in Paris an opening in Tehran in the first contact with fram with this engenatic man leaves sev-त्यभं व्याप्तरहर्षत्वहः

they keep coming back to me?" - Manucher Ghorbanifar

If they think I cheated them, why did

deal-maker with seemingly bound-separate conversations with him that follows largely includes mateless enthusiasm for complex plots crisscrossing the Middle East: he sometimes offers riddles in piace of direct explanations for what he has done; he will not talk at all about the factional struggles inside Iran that led the administration in seek

rial about the Iran arms affair that could be confirmed elsewhere, either by others involved or by U.S. government documents.

In the interviews, Mr. Ghorhanifar challenged an American view of the Iran dealings that describes

ment. "Nobody has private money in the government," be said. "The budget is from one place." American officials have said Mr. Ghorhanifar led them to believe they were dealing with moderates struggling for power after Ayamllah Ruhollah Khomeini dies. not with radicals who supported terrorism. Iranian officials used a three-

pronged approach when dealing with the radical Shiite Moslem groups believed to be bolding the hostages in Lebanon. First, he said, they would dispatch religious leaders; if this failed, money would be offered; and if all else failed, the Iranians would send armed opera-

Mr. Ghorhanifar said the Rev-See GHORBANIFAR, Page 3

By Henry Kamm New York Times Service

turning to Mexico - and the lure of the border 10 its north.

Padua in Tuzi.

to peak activity every August.
"They come from America with their gold

rings and gold watches and their dollars," Mr. lie priests said, and about 5,000 in the United Gregl said, "They are rich for people from here. States — many in Detroit, Chicago or Cleve-They tell them all about striptease and life in

beginning, according in the official, as well as the Reverend Markolaj Deda, another Franciscan, the road went through Italy.

tion" developed.

dirt-poor hamlets belonging to the villages of 5,000 Albanians live in Tuzi, the Roman Catho-

"Best country in the world, everything in America O.K.," said Mark Lulgjuraj, 49, who is See MONTENEGRO, Page 6

By Jonathan C. Randal . Washington Post Service

PARIS - A French court refused Tuesday to consider Hairi's request to force the deposed Haitian president. Jean-Claude Duvalier, to return \$120 million that the new government said he looted during 15 years in power.

The civil court in Grasse, near the Riviera, said it was unqualified to judge the case on technical

Although the Haitian government was given 10 days to appeal, the judgment appeared to open the way for the French anthorities to unfreeze most of Mr. Duvalier's assets in France, which include a chateau outside Paris.

Before the trial opened in May, the Haitian justice minister, François Saint-Fleur, said be hoped a French court order for the return of the \$120 million could be used as a tool for lawsuits in other countries where much of Mr. Duvalier's money is believed hidden.

14 B

15 E

16 F

Switzerland often has been cited and, on Haiti's request, the Swiss government has frozen Mr. Duva-lier's bank accounts there.

Since shortly after Feb. 7, 1986, when Mr. Duvalier and his family were forced to flee aboard a U.S. military plane to Grenoble, the 35year-old former president and his entourage have been restricted to a short stretch of the Riviera.

The Duvaliers live in the village of Mougins in a walled estate rented from the family of Adnan M. Khashoggi, the Saudi financier.

French authorities have refused to grant Mr. Duvalier's request for political asylum, but he and his entourage remain in France because no country has been willing to accept them.

A French expulsion order still hangs over the Duvaliers, but their lawyers are trying to get it over-

The Grasse court said that according to French law, only an administrative tribunal could judge such a case pitting a foreign state against its "agents" or their benefi-

That was the formal term that the Haitian government used to describe Mr. Duvalier and his finance minister, Frantz Merceron, whom it said had misappropriated state Yann Colin, a French lawyer act-

ing for the Haitian government, said. "I won't hide from you our disappointment at this decision." He added, "We had hoped a French court would deliver a judg-ment that could be executed without too much argument in the U.S.

Mr. Colin said Haiti might appeal the decision before a regional Coun of Appeal in Aix-en-Pro-

Jews Gathering in Rome For Waldheim Protests

United Press International ing his official visit to the Vatican.

The group is led by Rabbi Avi Weiss of Riverdale, New Jersey. He said the group planned to join other Jewish protesters from Europe Mr. Waldheim is to arrive late

Wednesday for his two-day visit to the Holy See, his first official visit abroad since be was elected last

Jewish groups have accused Mr. Waldheim, a former UN secretarygeneral, of committing war crimes against Jews during World War II.

The Vatican confirmed Tuesday that Mr. Waldbeim would have an official audience with Pope John Paul II at the Vatican on Thursday morning and that he would be welcomed with the full honors of a visiting head of state.

Poland Regrets Shelling of Ship

BONN — Poland has apologized craft rounds in international waters in the Baltic Sea, the West German Foreign Ministry said Monday.

The Polish ambassador, Tadeusz Nestorowicz, transmitted his gov- activities during World War II. ernment's apology to West Germany on Saturday for the incident, which occurred June 15 off the Soviet coast during a Warsaw Pact

The government of Prime Minis-

ter Robert Mugabe also pledged to

keep troops in Mozambique -

now about 12,000 - until peace

has been restored. Mozambique

has been fighting a rightist guerrilla insurgency for almost 11 years, and

Zimbabwe depends on rail links to

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ROME - Four U.S. Jewish ac- ever Waldheim goes, including in tivists arrived here Tuesday from St. Peter's square if we get permis-New York, saying they would dem- sion from police," Rabbi Weiss onstrate wherever President Kurt said. "We will continue to insist Waldheim of Austria appears dur- that the visit should not take place.

The U.S. protesters are members of a Jewish activist group called "Coalition for Concern," Some of the protesters said they planned to wear uniforms like those worn by Jewish inmates of Nazi death

Meanwhile, Frank Lattanzi, first secretary of the U.S. diplomatic mission to the Vatican, confirmed that the U.S. representative to the Vatican, Frank Sbakespeare, would not attend a reception for the Vatican's diplomatic corps in

Mr. Lattanzi said that he would attend the reception instead. "The ambassador will be out of

the country Wednesday and Thursday," Mr. Lattanzi said, "I am the the Vatican reception."

say where Mr. Shakespeare was gofurther.

avoid offending the Varican. The Uoited States has placed Mr. Waldheim oo its "watch list" of persons barred from entering the country because of alleged criminal

late Friday, the Italian Foreign Ministry has announced that he will not meet any Italian officials. The ambassador said the shelling The Foreign Ministry said it was an was an accident and he extended Italian practice not to receive for-Poland's regrets to the three sailors eign beads of state on official visits aboard the Neckar who were in- while Italy has a caretaker govern-

Harare to End White Elective Seats

ing a session of parliament, said-

that Zimbabwe will act in accor-

dance with a long-standing pledge to remove the provisions for sepa-

rate white seats. Whites hold 20 of

the 100 seats in the lower chamber

"This measure will be followed

by other amendments whose objec-

and 10 in the 40-seat Senate.

nana told the legislators.

goal since be came to power.

this year and abolish separate par- in the agreement that installed

white minority, it was announced President Canaan Banana, open-

liamentary representation for the black-majority rule in 1979.



We will not beg this, because we are very proud. We will insist."

bonor of Mr. Waldheim.

only other member of the embassy diplomatic staff at present in Rome and I will represent the emhassy at

Mr. Lattanzi said he could not ing and he declined to comment

But other Vatican sources said Altbough Mr. Waldheim is

scheduled to remain in Rome until



Tibet, Still China's Untamed Dragon **Hatred Lingers After Frenzy of Death and Destruction**

By Edward A. Gargan New York Times Service

LHASA, Tibet - Four greenuniformed Chinese policemen swaggered into a small restaurant on Xinfu Road, drank tea and left without paying. The restaurant owner, a Tibetan,

"There is nothing we can do," he

said. The police never pay. Who would we complain to?" Hatred of the Chinese still courses through this arid land. In towns and villages, monasteries and marketplaces, Tibetans harbor

a loathing of the government and

the Chinese who are settling here. "People are afraid of the Chioese," said a 22-year-old man who runs a small shop in the old Tibetan quarter of Lhasa. "Remember what they did to us."

It is the memory of two decades

Chinese destroyed monasteries, Tibetans interviewed over a twotemples, even whole villages. Tens week period without any superviof thousands of Tibetans were im- sion by government officials often prisoned, and thousands were exe-

ties have sought to repair some of the damage. Several major monas-teries are being rebuilt. Beijing has injected funds into Tibet for roads and hydroelectric projects. But with the governmental lar-

Since 1979, the Chinese authori-

gess have also come more Chinese, whose presence the Tibetans find oppressive. The Chinese are sent bere to run the government, work oo construction projects and serve in the many army units.

A former member of the Tibetan nobility whose family was jailed and scattered during the post-re-bellion decades said the Chinese oow form the majority in Lhasa, a city of fewer than 200,000 people.

"I think the Chinese are 60 perof killing and destruction inflicted cent now," he said. "You can tell to West Germany for an incident in which a Polish Navy ship hit a West German ship with eight anti-airGerman ship with eight anti-airavoid offending the Vatican sources said the U.S. action appeared to be a diplomatic compromise that would avoid offending the Vatican They don't speak our landary after a futile uprising in 1959, the guage. They don't even try."

Witness Attacks Demjanjuk's Alibi

JERUSALEM - Israeli prosecutors tried on Tuesday to destroy the alibi of John Demjanjuk, the retired Ohio auto worker charged with war crimes as a Nazi guard during World War IL

A specialist in military history. Shmuel Krakowski, disputed Mr. Demjanjuk's contention that be

Front controls 67 seats in the lower

house, has repeatedly said that the

lan Smith, the former prime

white seats will be eliminated.

was imprisoned by the Nazis for 18 months in Chelm, Poland, after being captured while fighting for the Soviet Army.

Mr. Krakowski said Chelm was a transit camp where prisoners spent no more than a few weeks.

Mr. Demjanjuk, 67, who was born in the Ukraine, elaims be is a

minister of Rhodesia who unilaterally declared independence from Britain in 1965 and vowed to block black majority rule, was not in the chamber. He was suspended last cials said. April after 39 years in parliament. In his address, Mr. Banana said

Zimbabwean troops would contintive is the creation of a unicameral ue operations along routes to the legistature and the introduction of sea in Mozambique. an executive presidency," Mr. Ba-"It is noteworthy that our operations inside Mozambique are in-Political analysts believe that the tended not only to keep these constitutional changes will be a routes safe for our goods, but also

prelude to the introduction of one- to eliminate the Renamo bandits party government. Mr. Mugahe's from Mozambique," he said. Renamo, another name for the White members of parliament rightist Mozambican National Relistened impassively as Mr. Banana sistance guerrilla organization, has confirmed the long-standing rumor begun to raid Zimbabwean border

that their special seats would be villages in retaliation for Harare's eliminated. Observers in Zimba- military support of the Mozambibwe, bowever, believe that some of can government.

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Pacific Western University

Are Missing in

Tuesday when two tankers collided on the Seine between Rouen and La Havre in northern France, offi-

with kerosene. Mr. Siembal said the six pre-

sumed dead were believed to include a French navigator employed by local port authorities and five crew members of the Greek tanker.

along the banks of the Seine. Windows were broken up to two and a half miles (four kilometers) away.

Another official said: "We're lucky the Vitoria wasn't carrying anything other than its own fuel. Otherwise we would have had a real catastrophe on our hands."

The Japanese vessel was only slightly damaged and was able to

The Vitoria had sailed about 37 miles down the Seine from Rouen, where it had unloaded its cargo, and was on its way to the seaport of Le Havre when the collision occurred at 10 A.M.

voiced emotional denunciations of the Chinese and their policies. Lhasa has only a small core of traditional Tibetan whitewashed

huildings clustered below the soaring Potala Palace, the former residence of the Dalai Lama, Around this core, centered on the Jokhang Temple, ring upon ring of stolid cement-block apartment huildings for the Chinese spread ont along the Kyi Chu River and toward the nearby mountains. Though Tibet has been designat-

ed an amonomous region, it remains tightly controlled by Beijing. which appoints the region's senior government and party officials. Tibet, with about 2 million peo-

ple, remains one of the poorest areas of China, with a per capita income of about \$50, less than half the national average. According to official statistics, 52.8 percent of the people cannot read, although 80 percent.

There has been improvement in some urban amenities in the last the latest airliners. several years, including the installation of a citywide drinking water system in Lhasa.

Officials say that over the last seven years \$16.2 million has been allocated to belp the poor, although it is not clear where or how the money was spent. Chinese officials extol Beijing's

accomplishments in improving the Taiwan Adopts Tibetans for some official posts. But power still rests with the Chinese. Wu Jinghua, who as Ti-

bet's Communist Party secretary is the most powerful man in the reibetan.

Many Chinese officials regard will force future political parties to

most Tibetans appear to consider China almost an occupying power. In Tibet, people beg for pictures of the Dalai Lama, the spiritual leader of Tibet who lives in exile in India. Never mentioned is the Paneben Lama, the second-highest

two sons, she said, were in the mountains watching their 70 yaks. Mrs. Choden said that despite

the Chinese authorities, her family "To the spring, we leave the vil-

ask the monks what is a good day, and then we come here. My busband learned this from his father.

There were delays going into couple of months," said Kathy Ca-Surveying 22 airports in April, and then we come here. My busband learned this from his father.

Francisco because of traffic restriction. From older times we learned bow to read the sky."

crack down again. The Chinese want to give the on one of the two main runways.

impression that things are very free Officials said as many as 250 flights so that Tibetans in exile will come bad been delayed from landing, for back. If all Tibetans were here and as long as two bours.

FAA Urged To Improve Flight Data Recorders

By Richard Witkin

New York Times Service
NEW YORK — The National
Transportation Safety Board has
opened a campaign to bolsfer standards for equipping airliners and other planes with crash recorders, which often play a critical role in determining the causes of acci-

The agency on Monday called on the Federal Aviation Administration to go beyond the new rules announced in March and, in particular, to upgrade requirements for the fast-expanding commuter airline industry.

The rules cover the two types of crash-resistant recorders used by investigators to reconstruct events leading to accidents. One, a flight data recorder, provides continuous data on a plane's speed, altitude and other measurements of its per-formance. The other, a cockpit voice recorder, puts on tape all con-versations and other sounds heard in the cockpit.

The recommendations expanded and refined proposals the safety board has been pushing for many years. Among the proposals are that the most advanced existing planes be re-equipped with flight recorders that can provide at least 32 types of data; that such recorders be mandatory on planes carrying as few as 21 passengers, rather than 31; and that the design of voice-recorder systems be improved so that the words of pilots will be preserved without interference from cockpit sounds.

The board said the commuter industry was advancing at a tech-nological and operational pace comparable to the advance made 17 years ago when the airlines began using jumbo jets. But it added that it was not until March that new crash-recorder standards governing jumbo jets were extended to conventional-width designs licensed before 1969. That was true, the board said, even if the actual planes were in current, continuing production.

"It is not possible," said the letter to the U.S. aviation agency, "to estimate how many lives or millions of dollars could have been saved had the changes adopted on March 25, 1987, been impler 17 years earlier. The FAA is in a position to make a similar decision concerning eockpit voice and flight-data recorder requirements for commuter airlines,

The aviation agency acknowledged when the new rules were an-nounced in March that stronger regulations might be required.

Early drafts of more stringent rules have already been drawn up, hut it is expected to be many months before they can be translated into final regulations.

Jim Burnett, chairman of the safety board, said a major aim of the refined recommendations was to "zero in" on precisely what improvements his agency sought and to head off charges that they would be too costly.

technology that allows voluminous empty. plane and en-

The safety hoard said the \$14,000. amount of data that could be revast that the only limit seemed to data recorder.

Law on Security

TAIPEI - Taiwan's parliament approved national security laws Tuesday in a step toward ending 38

years of martial law. The small opposition group in the assembly held a sit-in on the floor to protest the passage of the legislation, which they said is marrenounce Communism and swear their allegiance to the island's con-

Martial law has been in force since 1949, when the Kuomintang, or Nationalist, forces retreated to the island after their defeat by Chinese Communists on the mainland.

WORLD BRIEFS

A Monet Brings Record Price in Paris

PARIS (Reuters) — An 1878 painting of a bouquet of flowers by the Prench impressionist Claude Monet fetched 13.8 million francs (\$2.24 million) at an auction here Tuesday might.

Back

million) at an auction here Tuesday night.

The record of 10 million francs for a work of art sold in France was passed in four minutes at the Druout auction house as Monet's Bouquet

Officials at the auction house said Japanese buyers had expressed in the painting. de Fleurs went to an unidentified buyer. strong interest in the painting.

Saudis to Search for Mines in Gulf

WASHINGTON (AP) - Saudi Arabia has agreed to search for Iranian mines in the Gulf off the Kuwaiti coast and has designated hospitals for wounded Americans in case of emergencies, a senior U.S. official said Tuesday.

The Saudis are to use U.S.-made helicopters dragging special sleds to detect explosives. A team of U.S. specialists is investigating reports that Iran planted mines to damage tankers carrying Western oil supplies, their official said.

However, a U.S. request that the Saudis permit jet fighters to land for fuel is not being discussed, said the official, who asked not to be

Thatcher Backs Peres on Peace Talks

LONDON (Renters) — Foreign Minister Shimon Peres of Israel won support Tuesday in talks with Prime Minister Margaret Thatcher for his proposal to hold an international peace conference on the Middle East Mr. Peres met with Mrs. Thatcher for nearly two hours. A spokesman for the prime minister said afterward that she had made it clear to Mr. Peres that "the United Kingdom considered an international conference the most practical way forward to negotiations between the parties directly involved in the Middle East conflict."

Mr. Peres was scheduled to arrive in Paris on Wednesday and will also visit West Germany and Switzerland. He is seeking support for a peace conference involving the five permanent members of the UN Security Council as well as Israel and Jordan and possibly other Arab countries. Prime Minister Yitzhak Shamir of Israel is opposed to an international conference, fearing it would force Israel to return land it captured in the 1967 Middle East war.

Death Toll Now 18 in Barcelona Blast

MADRID (Reuters) - The death toll in the Barcelona supern ar-bomb attack by Basque guerrillas rose to 1g on Tuesday.

Mercedes Moreno, 33, died early Tuesday from burns suffered

Friday's attack, a hospital spokesman said. He added that three of the 33 persons injured were still in critical condition. The death toll is now equal to the number killed in the 1985 bombing at the El Descanso restaurant frequented by U.S. servicemen near the Torrejon airbase outside Madrid. A Palestinian guerrilla group was

Carbide Cites New Proof of Sabotage

NEW DELHI (NYT) - Union Carbide Corp. investigators, nearing the end of a 16-month inquiry, say they have found new witnesses, documents and scientific evidence proving that the 1984 Bhopal toxic gas

disaster resulted from sabotage by a company employee.

Company investigators also said in recent interviews that they have found logs and documents that had been tampered with, which Carbide says indicates that several employees at its Bhopal plant knew about the start of the accident earlier than they acknowledged and then tried to

cover up the knowledge The disaster killed about 2,000 people and injured 200,000. Indian officials and former employees of the plant vehemently dispute assertions of sabotage. India is suing the company, based in Danbury, Connecticit, for \$3.3 billion in damages, charging that the plant was badly designed and that its managers were negligent. The plant was run by the company: Indian subsidiary, Union Carbide India Ltd., 50.9 percent of which is owned by the American corporation-

Peru's Prime Minister, Cabinet Resign

LIMA (Reuters) - Prime Minister Lois Alva Castro of Peru and his cabinet have resigned, Foreign Minister Alan Wagner Tizon said Tues-

The Peruvian radio had previously reported Mr. Alva Castro's resigni tion, but there had been no confirmation before Mr. Wagner's statem He denied that the resignation amounted to a government crisis and said ministers would continue to work normally until a new cabinet wa

Mr. Alva Castro, who is also economics minister, is widely seen as having ambitions to succeed President Alan Garcia Pérez in 1990, and le has been repeatedly reported to be trying to leave the cabinet before there is a downturn in the promotory.

For the Record

For example, he said, it would be useful to take advantage of new outside the Iranian Embassy. The police said the box turned out to be

gine performance to be shown on gele, the Nazi death camp doctor, are to receive compensation from West the video displays in the cockpits of Germany, their Israeli lawyer said Tuesday. He said the twins most of whom now live in Israel, would each receive between \$11,000 and

Argentina's Supreme Court upheld on Tuesday an immunity law affecttrieved after an accident was so ing hundreds of army officers accused of human-rights violations during the 1970s. Only generals now face prosecution, and the ruling resulted in

be the recording capacity of the the immediate release of three convicted officials. A warrant has been issued in Florence for the arrest of Maurizio Gacti, 39, president of the parent company of the Gucci fashion house. He is accused of breaking Italian foreign currency regulations. (Reuters)

TRAVEL UPDATE

Paris Offers New Air Controller Status

PARIS (Reuters) - A French Transport Ministry spokeswoman said Tuesday that the government planned to offer air traffic controllers the status of private employees instead of civil servants.

As private employees, the spokeswoman said, the controllers would find it easier to negotiate flexible pay settlements. French air traffic controllers have disrupted flights in and out of Paris for two months over Two commercial jetliners collided on a runway at international Airport

in Los Angeles on Monday night. Both planes were damaged but no one was injured, officials said.

(UP!)

Ecuador is to har foreigners who do not prove that they are free of the

AIDS virus from entering the country beginning in September, Health Minister Alejandro Saenz said Tuesday. European Community transport ministers are scheduled to men Wednesday in Luxembourg to discuss ways to reduce West European in fares.

(Reuter)

Storms Add to U.S. Airline Delays

NEW YORK --- On the first two days of summer, bundreds of air travelers in the United States reached their destinations only after delays, finding that in many cases timetables did not apply.

Air traffic was delayed Monday and Tuesday by bad weather in New York, Boston, Philadelphia, Washington and Atlanta, according to the Federal Aviation Admin-

Fred Farrar, an FAA spokesman in two hours late Monday. In Atlanta, an Eastern Metro Exure Monday and skidded to a stop

estimated that there were 18,000 On the flight down here, there scheduled flights on Monday, car-were two separate delays due to

than m April.

"It's been a real bassle in the last tions on some route sectors, said Dallas-Forth Worth airport was

sitting on runways waiting to leave," she said. It just doesn't

and the state of the same of the same

the control of the control of the manufacture of the control of th

rying about 1.2 million people - pilot indication of heavy air traffic up from 1.1 million passengers on the same day in 1986.

Airlines sold 63.1 percent of Rochester, New York, who was at-

> their passengers happier." and arrivals, ranging from 103 de-lays per 1,000 in Boston to none in

The FAA, however, only counts delays caused by weather and flight

According to documents filed by Jr., Democrat of New Jersey, wait-ing for 30 minutes at Newark Inter-the performance of Piedmont and national Amport making him late seven competitors from late Februs

هكذا من الاصل

6 Crewmen Whites Zimbabweans, number- the whites could be re-elected to Mr. Mugabe, whose Zimbabwe African National Union-Patriotic

ROUEN, France - Six persons were missing and presumed dead

in half and exploded after a colli-

Mr. Siembal said there was no risk of river pollution.

continue its voyage to Rouen.

Seine Collision

A local government official, Christian Siembal, said the Vitoria, a 9,116-ton Greek tanker, was cut sion with the Fuyoh Maru, an 8.704-ton Japanese vessel loaded

A farmer who witnessed the accident said he heard a powerful explosion and dehris showered fields

life of Tibetans. In a speech this year, Deputy Prime Minister Wan Li praised the government's policies of reducing taxes for Tibetans, granting farmers and herders more say in how they work and choosing

gion, is Chinese and does not speak Tibet as a place of exile. In turn.

leader in Tibetan Buddhism, who lives in Beijing and supports the government's policies.

Some Tibetans try to ignore the Chinese. In the Chago Valley south of Lhasa, a 68-year-old nomad woman named Choden sat inside ber tent, woven from chocolatebrown yak wool. Her husband and

of nomadic herders maintained the ways of their parents. lage with the yaks and go into the Washings mountains," she said. "We read the ing to the scriptures and watch the sky. We istration.

The young shop owner in Lhasa said: The Chinese have eased up for a while," he said, "but in two or press commuter plane on a maintethree years, who knows, they will nance flight had a landing gear fail-

back. If all Tibetans were nere and as long as two bonds.

The Air Transport Association, for a briefing on the Iran-contral ary to early April, 36 percent to 46 which represents the big carriers, hearings.

"Air traffic, waiting for a gate,

make sense."

Fog. rain and lightning kept

Representative Peter W Rodino

According to documents filed by

Piedmont Airlines with the Depart-

their seats in May compared with 58.7 percent in May 1986. This year, passengers filed 34 percent more complaints with the Department of Transportation in May arrived arriving in Miami. "That's from the pilot. That's what he told us."

In May, Transportation Secretion of Transportation in May arrived of the secret making of fines and other than the secret making of the secret making. action if they did not start making

Cleveland

وكذا ون المعمل

U.S. Said To Back **Bonn Trial**

Decision Is Due On TWA Suspect

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Little Reg

BONN — Attorney General Ed-win Meese 3d told West German officials Tuesday that President Ronald Reagan would accept a de-cision to try a suspected TWA hi-jacker here instead of jacker here instead of extraditing him to the United States, West German television reported

Mr. Meese mer with West Ger-man officials in what U.S. spokes-men described as an attempt to convince them to extradite the suspect, Mohammed Ali Hamadeh. Bonn officials are expected to an-nounce their decision on Wednes-

Through fingerprints, the Leba-nese Shine was identified as one of the suspected hijackers of a Trans World Airlines flight in 1985. Mr. Hamadeh, who is currently in pris-on in Frankfurt, has been charged in the United States with the murder of a passenger on the hijacked airliner, Robert D. Stethem, a U.S. Navy diver.

Mr. Hamadeh, 22, was arrested in January at Frankfurt Airport afa ter liquid explosives were discovered in his luggage. Gunnen in West Beirut kidnapped two Ger-man businessmen after the United States demanded that Mr. Hamsdeh be extradited.

Mr. Meese refused to give any details of his nearly two hours of talks with Justice Minister Hans Arnold Engelhard and an earlier meeting with Interior Minister Friedrich Zimmermann.

Reagan Reported Satisfied Mr. Reagan said Monday that he would he satisfied to see Mr. Hamadeh stand trial for morder "wherever he is tried," The New York Times reported from Wash-

Bonn has declined to agree to the extradition, reportedly for fear of terrorist retaliation either in West Germany or against two West German husinessmen being held hos-

tage in Lebanon. Senator Alphonse M. D'Amato. Republican of New York, said in an interview on Monday that he was outraged by the administra-tion's handling of the case and said it represented a dangerous capitulation to terrorists.

The White House handled this poorly," he said. "President Rea-gan did not vigorously pursue this him from most other television matter. He allowed the Germans to evangelists, his chief media adviser

men of the Senate's anti-terrorism ful, Constance Snapp, said Mr. caucus, sponsored a resolution last Robertson's problems existed beweek, backed by 65 senators, call- fore the scandals in the PTL televiing for Mr. Hamadeh's extradition sion ministry broke in March. to face trial in the United States.

aboot the case on Monday in Flori- sisted that the public was not conia. In response to a question, the fusing him with the Reverend Jim president said: "All I could tell you Bakker, the former PTL leader who that be is going to be tried for than other television ministers as a murder wherever he is tried." result of an extramarital affair with Asked whether that satisfied him, a secretary. PTL stands for Praise

(Continued from Page 1)

erend Benjamin Weir, the first

American hostage released in 1985,

had to be seized from his captors by

Iranian emissaries. There was no

lete American anti-aircraft missiles

acded that the bungled delivery,

detailed in the Tower commission

report last February, cast a shadow

of distrust over all transactions that

deal with Iran for better relations

he said that preparations were un-

Americans in the Middle East.

The question of how the opera-

way to verify this.

followed.

AMERICAN TOPICS

Anti-Smoking Efforts Succeed in Military

The crackdown on smoking in the U.S. military appears to be working, the Pentagon says, with tobacco sales at military commissaries down 18 percent during a retent six-month period. The air force says 31 percent of its personnel still smoke, but says "this reflects a 20 percent still since the says this reflects a 20 percent section." reduction" since 1985

Dr. William Mayer, assistant defense secretary for health af-fairs, said a definitive survey of smoking by U.S. military personnel throughout the world would be made next year. He would be made next year. He said the Defense Department hoped eventually to reduce smoking "to rates significantly below civilian levels."

The Pentagon's war on smoking was touched off in March 1986 by Defense Secretary Caspar W. Weinberger after a survey showed that 47 percent of the 2.1 million active-duty military personnel were smokers. This figure was down from 52 percent in 1982, but it was still well above the civilian rate of about 30 percent.

Rather than ban the sale of cigarettes or raise tobacco prices in military commissaries, Mr. Weinberger ordered an intensive educational campaign and sharp restrictions on where servicemen can smoke.

Short Takes

The \$5.5 billion Intermoun-tain Power Project has opened in Delta, Utah. Burning seven trainloads of Utah coal a week it will furnish Los Angeles, 490 miles (about 800 kilometers) to the southwest, with enough electricity to light a third of its dwellings without contributing to the city's smog problem. "Since California can't pollute its own air because it's so bad," said Alan Miller of the Sierra Chih, an environmental group,

"it's looking for nice clean places to pollute." However, the

project was welcomed in Utah for creating 623 jobs.

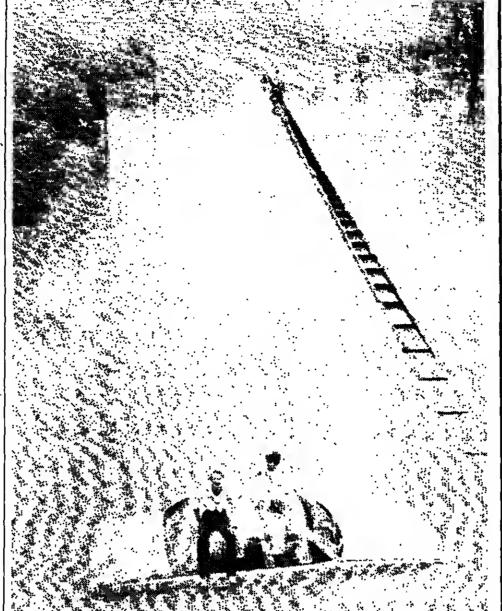
Beaches not seen in years are emerging along parts of the Great Lakes because of a drop in water levels from the record highs of last fall. The drop resulted from a long, dry spring following a winter with below-average snowfall. But Lake Michigan remains a foot and a half (45 centimeters) above its 100-year average. "People would be unwise to get a false sense of security," said Ron Fassbinder of the Wisconsin Department of Natural Resources. "It could turn around and go up as fast as it went

Black models are making a comeback in magazines and on billboards. They were widely employed during the civil rights movement of the 1960s but suffered a partial eclipse in the 1970s. "The world has finally opened up to a broader defini tion of what's beantiful," said Lacey Ford of Ford Models Inc. in Manhattan. Dee Simmons-Edelstein of Del Marco Modeling touched on another angle: We can no longer deny that there is a black consumer.

Toy to Outwit Spies Gets Mixed Reaction

During the furor over the planting of bugs in the U.S. Embassy in Moscow, two members of Congress told of using Magic Slate pads to communicate when they visited the em-bassy. The 99-cent toy has a stylus for writing on two plastic sheets. When the top sheet is

lifted, the writing disappears.
The manufacturer, Western
Publishing of Racine, Wisconsin, sent 25 cases of the slates to the State Department and to the U.S. Central Intelligence Agency, with a few samples to President Ronald Reagan. The company said that the State Department and the CIA politely demurred. The New York



STORMS, FLOODING HIT U.S. - Flooding from heavy rains stranded two men and their car on a highway in Buffalo, New York, after a record 5.01 inches of rain. Storms also hit the Midwest and New Jersey, New York and Pennsylvania on Tuesday.

Times reports, but that the White House sent a message written on a Magic Slate. Signed by Anne Higgins, director of correspondence, it said: "Thank you for your letter to the President. Yours is the best idea we have had yet." Saying the idea was being forwarded to the State Department, the

CIA and the National Security Council, the message ended, "Please lift cover when you're done reading."

-ARTHUR HIGBEE

TV Preacher-Candidate Aims to 'Repackage' Image

By Wayne E. King

New York Times Service WASHINGTON — Dismayed by polls showing that many Americans have a negative view of the Reverend Pat Robertson and that pursue the course they are taking is seeking to "repackage" him as a

by saying he'd be satisfied with Christian businessman.
their trying him.

Mr. D'Arnato, one of the chairthe Republican presidential hope-

face trial in the United States. Saying his fund-raising had not Mr. Reagan made his remarks suffered since then, Mrs. Snapp in-The Lord or People That Love.

to blur Mr. Robertson together with Jerry Falwell, Jimmy Swaggart and most other ministers. And she said, the public had a negative view of television ministers, at least as presidential candidates, because of their duties as moral leaders and hecause of concerns about separation of church and state.

"I was concerned about the high pegatives," said Mrs. Snapp, who came to Mr. Robertson's exploratory presidential campaign from Madison Avenue seven months ago. She referred specifically to an opinion poll conducted by the Roper organization for The Atlanta Journal and Constitution in March showing that 69 percent of voters in Southern states said they "would not consider" voting for

heavily on support from the South because of its religious and generally conservative heritage.

To separate him from the others, Mrs. Snapp is arranging nonreligious television appearances for the candidate. She is also urging re-porters to refer to him as "Robertson" rather than "the Reverend Robertson" and to call him a "Christian broadcaster" rather than a "television evangelist."

Mrs. Snapp is also using an advertising technique for product analysis - the product in this case being Mr. Robertson - to find out just what a cross section of the population thinks of him and the best way to sell him to the voters.

uses of new prodularly disturbing to the Robertson ample, a group of bousewives and partly in deference to the Fed-date, she said, more than \$7 million forces since his strategy relies might be assembled to discuss its eral Communications Commis- has been raised.

name and the color of the package. sioo's regulations requiring equal In Mr. Robertson's case, Mrs.

demographic cross section of the voting population. The problem, she said, seemed to be that "they don't really know who Pat is. They confuse him with other people, with Falwell and Swaggart."

But after seeing clips of the "real Pat Rohertson," Mrs. Snapp said, most respondents realized that their earlier impressions of him had tian Broadcasting Network's reve-

now favorably impressed. Advertisers use this "focus that he was making an exploratory scandals. group" technique to determine the bid for the Republican nomination for president, Mr. Robertson has ucts, packages or advertising con- appeared only occasionally, partly the committee raising funds for his The negative opinion was partice cepts. For a new detergent for ex- because of his campaign schedule campaign, had shown no falloff. To

time for opposing views,

Although he has not officially declared that he is a candidate, the Snapp assembled groups of 10 to 12 people representing a roughly actually is a candidate and is therefore subject to its rules. Although the PTL scandals have

cut into donations to Mr. Robertson's \$176-million-a-year ministry, aides said his political fund-raising has oot been hampered by the controversy. About 80 percent of the Chris-

been wrong and most of them were one is from donations. A loss of about \$28 million has been project-Since announcing in September ed for the year as a result of the

But Mrs. Snapp said contributions to Americans for Robertson,

ments of TOW missiles had been did not show up as scheduled. sent to Iran, Mr. Weir was freed. American officials said telephone Mr. Ghorbanifar said the Irani- intercepts show the Iranian offi-

banifar. The November 1985 delivery went badly. The first plane arrived Hawk anti-aircraft missiles. Mr. not the 80 that had been promised to the Iranians, according to American accounts.

flying Soviet reconnaissance planes Mr. Ghorbanifar said the milithat were taking photographs for tary officers were furious when they discovered that the missiles were older than what Iran already had and could not hit high-flying planes. The Israeli arms dealers assured Mr. Ghorbanifar that undetectable improvements had been made in the weapon, but Iranian military officers were dubious. Then, in a test firing, Mr. Ghorbanifar said, a missile fell barmlessly to

> General Second later told Mr. Ghorbanifar that the Iranian officers were correct: the Israelis had misrepresented the missiles' capabilitie

the ground.

The next month, the Wbite He said that he had monitored House tried to pick op the pieces

The officials said that the charges of desertion during wartime, which could have resulted in a out delay, a ministry spokesman death penalty on conviction at a military trial, were dropped on the recommendation of military legal officials and Mr. Beane's commanding officer.

A Marine statement said that be also bad admitted guilt in "offenses

U.S. Drops Indictment Of General Dynamics Over Anti-Aircraft Gun

By Howard Kurtz New York Times Service
WASHINGTON — The Justice

Department dropped a fraud in-dietment of General Dynamics Corp. over the Divad anti-aircraft gun after discovering military and company documents that undercut its theory of prosecution, according to the bead of the department's criminal division.

"The government is standing up and saying. We were wrong."
William F. Weld, an assistant U.S. attorney general, said Monday.

Mr. Weld said that it was "unusual for the government's view of the facts to change so radically that the government will abort the pros-ecution." But be said that it would have been "dishonorable" to do otherwise. "Nobody is happy about this," he said.

The dismissal of the charges was equested by the government late Friday and approved by a U.S. judge in Los Angeles on Monday. General Dynamics, James M. Beggs, and three other present or former executives of the company were indicted on the fraud charges in December 1985.

At the time, Mr. Beggs, a former General Dynamics vice president, was the head of the National Aeronautics and Space Administration. The charges led him to resign from

"I really feel aggrieved on this,"

Mr. Beggs said Monday. "I was left hanging out to dry. I feel the grand jury system is no longer a check on

the prosecutors." Mr. Beggs said that his vindica-tion "took much too long," adding that, "It was expensive to live for 19 months without a job."

The indictment involved a \$39 million army contract to develop a prototype and-aircraft gun from 1978 to 1981. General Dynamics lost the competition to build the weapon, which is also known as the Sergeant York, and the Defense Department canceled the weapon in 1985 after repeated test failures.

The indietment charged that General Dynamics tried to hide \$7.5 million in cost overruns by illegally shifting excess costs to oth-er government-funded accounts.

On May 19, the Justice Depart-ment dropped a three-year fraud investigation of General Dynamics submarine contracts. The latest action by the department prompted renewed criticism in Congress.

"The dropping of the second Geoeral Dynamics case shows there's something drastically wrong with the way the Justice Department handles defense fraud cases," said Senator William Proxmire, Democrat of Wisconsin.

Senator Charles E. Grassley, Republican of Iowa, said the "incompetence" of the Justice Department "must be called into question."

Marine Who Fled to Australia In 1970 Is Given a Discharge

WASHINGTON -A U.S. Marine who deserted in Vietnam in 1970 and returned to the United States from Australia this month is being discharged from the Marines after admitting he was guilty of desertion, Marine Corps officials

Private First Class Donglas Beane, 40, will be allowed to leave the corps "under other-than-honorable conditions," but without further punishment, officials at the Marine base in Quantico, Virginia, said Monday.

Mr. Beane had lived in Australia

for 17 years. He voluntarily returned to the

United States on June 9 to see his agency can rule at any time that he father, who is ill, in Rutland, Ver-

which occurred in Vietnam in 1969 for which he was facing trial when be deserted."

At the time, be was facing a court-martial on seven charges relating to participation in a hlackmarket operation and allegedly threatening to kill a fellow marine.

Israel to Extradite **Jew to France**

United Press International JERUSALEM - The Israeli Justice Ministry has ruled that a Jew he returned to France to face legal action on his conviction there in the gangland-style murder of an

An order signed Monday by the justice minister said William Nakash, 25, should be extradited with-

The subject of the extradition, convicted of the 1983 slaying of Algerian-born Abdel Ali Hakkar, 20, in France, said that he fears death at the hands of Arabs in prison if he is sent back to France.

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North Is Said to Conceal Secord Favor

WASHINGTON - Lieutenant Colonel Oliver L North mied to conceal that an elaborate security system at his bome was financed by Major General Richard V. Secord, whose private operation handled proceeds from the Iran arms sales, former CIA official testified

Glenn Robinette, a former CIA employee, described his installa-tion of an electronic gate and other devices. He said that Colonel North asked him to send him a hackdated bill for part of the \$16,000 cost only after the Irancontra affair was revealed.

in another development, the congressional committees investigating the affair appeared to be at an impasse over working out a deal for Colonel North to testify in pubin, with some members angered

Ash Shaara, which published the the hostages would be freed upon first account of the dealings last his arrival in Tehran in May 1986. Nov. 3.

Nevertheless he said: "People betray me, I betray them. People Iranian officials, he said, were infuriated by a shipment of obsoare honest with me, I give them everything; if not, I cut their from Israel in November 1985. He

Two former U.S. government officials offered information that throws into question Mr. Ghorbanifar's denials about revealing the arms dealings.

They said that late last October, • Mr. Ghorbanifar contended shortly before the Ash Shaara artithat now was the time for the ele appeared, the administration obtained a letter from Mr. Ghor-American government to make a banifar to a leading Iranian offi-In interviews conducted last week, cial, Ayatollah Hussein Ali Montazeri, that described the visit to der way for terrorist actions against Tehran in May 1986 by Robert C. McFarlane, the former national se-

curity adviser. tion unraveled last fall remains one These officials said they suspec of many mysteries. Mr. Ghorbanithat Ayatoliah Montazeri in turn far asserted that his reputation was gravely harmed when the Amerihad a hand in exposing the operacans dropped him last summer for tion. Mr. Ghorbanifar replied: "I write many letters every day. All the letters I write are explosive." a new intermediary who sold weapons to the Iranian government at a But he denied sending any such letter to Ayatollah Montazeri. But he denied that he had dis-

over proposals that the panels

make concessions to Colonel

Colonel North had refused to

testify privately before giving pub-

The committees met separately

at mid-day. The House panel re-

ported that it had not reached

Representative James A. Court-

GHORBANIFAR: Hearings to Center on Role of Iranian Expatriate closed information about the arms dealings, shortly after he was replaced, to the Lebanese magazine formed when he expected that all many of Mr. Ghorhanifar's

> According to Mr. Ghorbanifar, there was never any such deal, and it was Mr. McFarlane who reneged by bringing only a small amount of spare parts for Hawk missiles, instead of 50 percent of the shipment. as he had promised. Richard V. Secord, the retired air force major general who helped arrange the shipment, has also said there was no Iranian promise to free the hos-

Mr. Ghorbanifar said that he has long disliked the Central Intelligence Agency.

tages before the talks.

Some senior CIA officials distrusted him, too. After Mr. Ghorbanifar failed a CIA lie detector exam in December 1985, Clair George, the agency's deputy director for operations, said he should not be used in covert operations.

The White House, however, re-

bed on him for most of the next

year. And William J. Casey, the

director of central intelligence.

wrote later that Mr. Ghorbanifar

Documents released by the com-

mittees showed that payments had

been funneled to Mr. Robinette by

a Swiss investment banker who

managed the assets of General Se-

cord's private network aiding Nica-

raguan rebels. Mr. Robinette said it was his

own decision in December to com-

comments about the arms transactions have been verified by participants and are consistent with what has been publicly revealed so far. Mr. Ghorbanifar gave this ac-

count of the dealings: For him, the story began when he first made contact with Adnan M. Khashoggi, a Saudi Arabian arms dealer with ties to Israeli arms dealers and American officials.

tional Security Council consultant researching the Iran issue, as well as Israeli arms dealers and Israeli officials, a deal was reached that was eventually approved by the governments involved.

Iran promised to stop aiding Shiite terrorists in actions against Americans, be said, and the United States said Israel could send TOW anti-tank missiles to Iran to estabcials that Mr. Ghorbanifar was tru- weapons were delivered. dealing with senior American freeing the American hostages.

ans were delighted by this transac- cials were threatening Mr. Ghor-

tion and eager for another deal. Tehran oext said it would work to free the remaining bostages. It went badly. The first plane arrived would receive a shipment of 400 late, and it carried only 18 missiles Ghorbanifar said the Iranian military needed to short down high-

Iraqi bombing raids on Iran. The hearings this week are expected to focus closely on the No-After meetings in Israel that in-chided Michael A. Ledeen, a Naand then to Iran, Included will be testimony about the possible illegality of using a CIA proprietary airline for the shipment without a formal presidential finding autho-

rizing the agency's involvement. Mr. Ghorbanifar said that the iranians were so pleased hy the earlier TOW shipments that they changed their usual policy in November and transferred \$24 million lish for Iranian government offi- to a Swiss bank account before the

officials. Iran said it would work on the transaction from a hotel room and, against Mr. McFarlane's recin Geneva, and that be became ex- ommendation, Mr. Gborbanifar On Sept. 14, 1985, after two ship- tremely nervous when the weapons was retained.

THE BEST OF TASTE:

Take one part of Beefeater Gin, one part Campari, one part sweet Vermouth, and mix them over ice in a tall glass. Add a slice of orange, just a touch of soda and serve with a stirrer. Cheers! For a recipe leaflet which further demonstrates

the excellence and versatility of Beefeater Gin why not write to: James Burrough, Beefeater House, Monitord Place, Kennington Lane, London SE11 5DF, England.



ply with Colonel North's request, backdating the bill and listing only er, Republican of New Jersey, said half the cost of the system. that some members were insisting

North.

Herald Tribune.

Washington's Task in Seoul

Now more than ever, the United States needs to sound the call for peaceful transition to democracy in South Korea. That country has reached a pivotal moment. Its future is being settled in the streets by protesters and police, with the army ever-present in the background. Its leaders operate in a culture where compromise and restraint are not considered political virtues.

Once great internal forces are set in motion, perhaps no outsider can make a difference. But if any nation can, it is the United States, Korea's military protector and trad-ing partner. And President Reagan, longtime friend of Korea's ruling military regime, may be especially well positioned for such a role. For the most part, his administration is now saying the right things. Bnt given its past vacillation and hesitancy, it

needs to sound a far more certain trumpet. From Gaston Sigur, the State Department's top official for Asia, now in Korea, to Mr. Reagan himself, the administration

15

16

has to convey three messages almost daily: To South Korea's military commanders: Forswear any idea of a military coup. The State Department sent that message Monday: The Korean military must understand how a coup could poison American attitudes toward their country.

To President Chun Doo Hwan: Reopen the dialogue with the opposition. Though the discussion was intended to show his bona fides for constitutional reform, he unilaterally stopped it in April. Reports indicate a start toward resuming the dialogue, but Washington must maintain the pressure.

To opposition leaders: Understand that democracy does not mean anarchy. It requires compromise even from those who have been treated unjustly. Mr. Sigur

should meet personally with opposition leaders to deliver that message, even as such a meeting would signal American impar-

tiality and interest in democracy. There is much to overcome, past and present. In April, the atmosphere was darkened by the torture-death of a student dissident and a subsequent police cover-up. Mr. Chun then halted debate over ground rules for general elections due later this year. Washington knew of that decision in advance, and failed to try seriously to head it off.

This month. Mr. Chun compounded his error by anointing his hand-picked successor for a term to run through 1995. That arrogance brought even the normally quiet middle class into the streets.

For now, Mr. Chun has avoided the mistake of declaring martial law. Instead, he declared his willingness to meet a key opposition leader, Kim Young Sam. The force of the protests, and fear of driving away the 1988 Olympics, apparently jolted him into giving negotiations one more chance. But for these talks to be fruitful, the government will bave to show more will to compromise.

Democracy is unlikely to be achieved all at once. But it is essential to chart a clear path. To continue to insist on deferring constitutional debate for 15 more months and free and fair elections for seven more years is wildly unrealistic. Perhaps the answer is a brief interim presidential term during which more acceptable electoral ar-

rangements can be agreed on.

The task for Washington is to bring to bear whatever influence it can, with maximum visibility. Let the Korean people have no doubt about the kind of democracy America has sent 40,000 troops to defend. — THE NEW YORK TIMES.

the United States."

all executive authority.

person in whom the constitution vests

If Congress had intended the Bo-

land amendment's prohibitions to

apply to the president, it could bave

said so. In the absence of a clear

expression, Congress should not be

assumed to have limited the presi-

dent's ability to exercise his best

judgment as to what is in the best

interest of the United States. Wheth-

er the same considerations would ap-

ply to the president's subordinates

would depend on whether they acted

In some areas it may be all right for

Congress to express its will in amhig-

uous terms and then leave it to the

courts and others to decide what it

really meant. But congressional fuzzi-

ness followed by expansive judicial

interpretation is not acceptable in

cases in which Congress attempts to

regulate the head of another coordi-

tem, the dividing line between the re-sponsibilities of Congress and the

president is not always clear, especial-

ly so in the area of foreign relations. It

is quite clear that the constitution con-

templates a foreign affairs role for

The president is also head of state.

He deals on America's behalf with

his world counterparts, and is com-

mander in chief of the army and

navy. Congress's foreign affairs re-

appropriate money (including that

needed for foreign relations and to

maintain a military force), the pow-

er to regulate international com-

merce and the power to declare war.

exercise by these two hranches of

their foreign relations prerogatives

will be mutually compatible and will

combine to serve U.S. interests. It is

important, however, that neither

branch unduly intrude on the

Because of the differences in con-

responsibilities of the other.

Under ideal circumstances, the

both Congress and the president.

Under the separation of powers sys-

nate branch of government

at his direction or on their own.

Europe's Status Stays Quo

this year for stability and the status quo. In the British and Italian elections this month. as in the West German elections last January, the results were strikingly similar to those four years earlier. In all three countries the conservatives remain dominant. None of the conservative parties managed to win an absolute majority, but, because of the voting system in Britain and a coalition partnership in Germany, they will continue to run the governments there. The Italian conservatives seem to bave lost the initiative to the Socialists, intermittently their allies, but they will at least continue to bold the largest bloc of seats in Parliament. As for France, it put its conservatives back in power in last year's parliamentary election.

All that seems to reflect a mood of remarkable contentment - remarkable particularly when you consider the economy. The growth rate has been slowing and unemployment, which has been hanging around 11 percent in Western Europe for the past four years, is not dropping. If anything a slow increase lies ahead, according to the Organization for Economic Cooperation and Development. By conventional reckoning, that ought to push politics toward impatience and change.

Fast economic growth is supposed to be popular in all times and all places. But recent European experience is a warning to think carefully about that easy assumption. Fast growth over the past generation has changed continental European society profoundly, in ways that were not always comfortable. The richest European countries do not seem at all distressed to have drifted into a time of low growth rates. They are using their wealth to support people who aren't working, and unemployment there is now more likely to mean boredom than desperation. Attitudes are different in the poorer Eu-

ropean countries. So are growth rates. The OECD says Britain's economy will probably grow by more than 3 percent this year, the fastest of any of the major European countries. But in West Germany, France, the Benelux countries and Sweden, growth seems to be running about half that rate. That's a poor performance by past standards, but it doesn't seem to have damaged any of the politicians' reputations. Chancellor Kohl has made a positive virtue of resisting all advice to speed up the West German economy. He wants to keep things pretty much on their present track. Most of Europe seems to agree with him.

- THE WASHINGTON POST.

Intervening in Panama

The crisis in Panama is moving into a ness elite, whence his chief opposition new unstable phase in which popular unrest comes. He also has played on the nationalwinds down at least temporarily but the istic theme that he is defanging an Amerioutrage of military control goes on. General can plot to keep the Panama Canal. the 20,000-man defense force, has had the legislature indefinitely renew his first 10day suspension of constitutional guarantees. One of the rights suspended is the right to private property: Citizens have been warned that, for banging on a pot, a person can have his house confiscated. Panama's internationally oriented economy, based on transit, commercial and financial services. cannot run in that Mickey Mouse atmosphere. The general's refusal to let normality return is an economic absurdity and

betrays a telling fear of the public temper. At first, people were reacting to a disgruntled colonel's report on the corruption and chicanery marking General Noriega's strongman rule. Now the public seems a bit startled and even delighted by its own show of courage in the streets. By his barsb response to their peaceful protests, the general has confirmed a reputation for thuggishness. His recourse has been rude force and an attempt to mobilize the common people against the middle class and husi-

streak of anti-American resentment show through. Head of intelligence before he took over the armed forces, he got where he is in part by cooperating with the U.S. military and intelligence, whose regional activities are centered in Panama. In a country where the impression of American favor is negotiable political currency, he now finds it convenient to take up a certain distance and to present U.S. remonstrances as evidence of Yankee intrusiveness. He denounces steps that Washington has

taken to get on the democratic side, such as having the American ambassador call on the bounded opposition, as intervention. But the whole huge multidimensional American presence in Panama over the decades has constituted an intervention - with benevo lent as well as harmful effects - on the side of the Panamanian powers that be. Washington must find the essential and unmistakable ways to show it is stopping the long careless U.S. intervening of that routine sort.

- THE WASHINGTON POST.

The Inimitable Astaire

First, there were his looks. In truth, they didn't amount to much: medium height. skinny build, a longish nose, thinning hair. But in top hat, white rie and tails he was champagne to everybody else's beer.

Then there was his voice. It didn't amount to much, either. It was dry, astringent really, and its range was narrow. But once he sang a song he owned it. And what songs they were: "Night and Day," "Begin the Beguine" Finally, there was his dancing. That

amounted to great art. What images he leaves behind. He and Ginger Rogers face each other, turn, then slide effortlessly into a quick scatter of steps. Backed by an army of dress-alikes, be puts on his white ue,

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polishes his nails and takes millions of people out of a Depression and into an atmosphere that reeks with sophistication. He danced with some marvelous people,

but his only real ocers were the composers with whom be worked. Tapping to "Half of It Dearie Blues," he called out "How's that, George?" to his accompanist. George Gershwin. "That's fine, Freddie!" Gershwin called back. They sounded joyous.

Once a little girl was allowed to stay up late to watch one of his movies on television, and cried when it ended. "It's so sad," she explained, "when Fred Astaire

leaves the room." It is indeed. - THE NEW YORK TIMES.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982

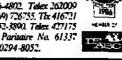
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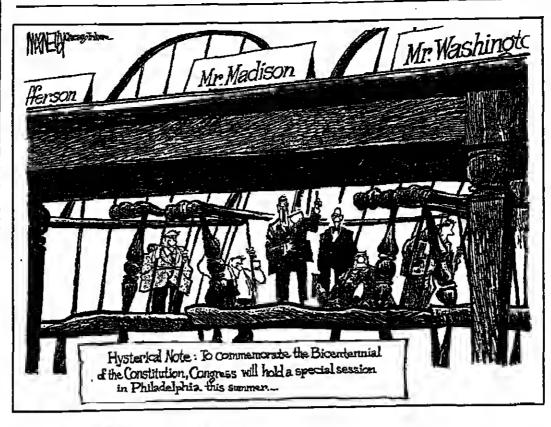
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A Pontificating Congress In Muddles of Its Making

By Mary McGrory

W ASHINGTON — Why does the ing to raise \$1,600 every working day, United States have a Congress? it also would help the competition. Because the constitution says it must.

What does Congress do? Well, its members serve as extras in for projects that take their fancy.

presidential specials. Try to imagine the State of the Union address withont all those bodies, applauding or not appleuding, providing cutaway shots for the television cameras focused on the president. In that sense, they are indispensable.

Also, they perform small services for constituents. They send them baby books, copies of speeches, appeals for money. If of the right party, they can arrange private tours of the White House, and all can dispense tickets to the galleries, where the citizens can watch legislators not legislate. Senate Republicans now are dug in against a bill to provide limited public funding for congressional campaigns. Al-though it would rescue them from hav-

bers. They rub Aladdin's lamp.
We already know that the Saudie kicked in \$32 million for the contras. The Saudis are not much for democracy: they won't have it at home. But casting bread upon the waters is a good idea, and more often than not it comes back to them in the form of

it also would help the competition.
U.S. presidents don't have to wor-

ry about successfully lobbying for aid

When presidents need money for

projects over which Congress nomi-

nally has control through its appro-

priating power, they don't have to grovel for it from prosaic mean-

the new weapons they perpetually seek. The Reagan administration's failure to deliver 1,600 Mayerick missiles reflected the times. The hearings have given a bad name to all arms sales in that part of the world.

The New York Times has just pub-

lished more about Saudi Arabian largess. It shows again that Congress, by a thread, is hanging on to relevancy in the conduct of foreign policy. It seems that from Afghanistan to Zaire, King Fahd has been doling out millions to promote Western interests, sometimes at the prompting of the United States, sometimes not.

William Quandt, who served on President Finning Carter's National Security Council staff, put the equation in stark terms: "It takes King Fahd about 10 seconds to sign a check. It takes Congress weeks to debate the smallest issues of this sort. If you can get somebody else to pay for it, it's nice and convenient." Mr. Caster's national security ad-

viser, Zbigniew Brzezinski, said: "It's a good quote. The king has plenty of money and has no Congress to worry about. There is no parallel to what is going on now. Everything we did was in keeping with established proce-dures. This administration wanted to do something it was not permitted to do. There is nothing new about the fact that governments act jointly for the promotion of mutual interests."

But where does it leave Congress? It holds hearings, summons witnesses, pontificates, marks up, postures through long debates, haggles with the White House, temporizes, compromises and, if it passes the tatered shreds of what it had in mind, and the state of the state pats itself on the back. King Fahd teristically allusive fashion to talk about de Gaulle. The general, he sugpresides over the till. gested, felt old age overtaking him. His sight was going. He felt his powers failing. He had seen others —

Congress-baiting may have reached a new level with the Reagan administration. It has been especially hard for a president who won 49 states to think of himself as a mere fractner" in the great scheme of the land amendment was a typographical error in the heroic chronicles of the Reagan Doctrine, Oliver North never nattered about technicalities.

The colonel and his lawyer have The general regarded Pompidou with a measure of disdain, as a purvebeen putting on a show of strength on m, but he recognized him as a capable man in whose hands the Capitol Hill that has had the select committees running around in circles, Colonel North's attorney, Brendan Sullivan, marched in and an-Malraux said nothing directly, in this conversation in the U.S. Embasnounced that his client would not be sy, but he said a great deal indirectly. testifying first in private, as have oth-The import, as the astonished Amerier witnesses. Negotiations ensued, can diplomat interpreted it, and as he reported to Washington, was that even though Congress is thought to be in control of the hearings.

before long the general could be ex-Mr. Sullivan tried to lay down dent to happen to him, one which vide Colonel North with certain papers, restrict the area and length of the questioning. In short, said one morose member, "He gave a large with the same decisiveness with He would go in a way that would permit no ambiguity, no appeals to Rockefeller salute to Congress." Mr. Sullivan knows, of course

that in addition to its usual diffidence before strong-minded individuals, Congress is in a time bind. It can cite Colonel North for contempt, but the case would drag on for years, and in the end would kill the hope Congress has of hearing his sto ry, which is the point of the exercise.
"You wouldn't believe it," a member said, "but they are talking about what a smart, stand-up guy Ollic North was to get himself such a smart

lawyer. They don't mention the indignity of the whole thing."

That's Congress for you. And that's apparently why several presidents of the United States have preferred to deal with the king of Saudi Arabia. Universal Press Syndicate.

An Issue to Address

A FTER the conclusion of the Iran-contra hearings, Congress may want to address itself to an issue that may be second to none in determining the future of American society. the notion that subversive activities can be carried out against other governments without subverting the U.S.

It would be a good way to observe the bicentennial of the Constitution - Norman Cousins, former editor of the Saturday Review of Literature, writing in the Los Angeles Times.

The Boland Amendment: Let the People Judge

By Rex E. Lee

PROVO, Utah — President Reasultutionally assigned powers, and bendment when be asked the leaders of foreign governments to contribute cause of inherent differences in the funds to help the Nicaraguan contras.

The amendment prohibited "direct branches, they go about their foreign policy tasks in quite different ways. Congress's legislative power is spread among 535 individuals. Their contrior indirect" support for the contras from any funds available to "the CIA. the Department of Defense, any intelbution is thus limited to matters of

broad policy determination.

ligence agency, or any other agency of Congress is institutionally ill-suited for such foreign policy tasks as keeping secrets, authoritatively re-That did not apply to the president because, quite simply, he is not an "agency of the United States." The solving a dispute and achieving a shared multinational objective. The Federal Trade Commission and the United States, or any other nation, Internal Revenue Service are agencies must have some person authorized to act on its behalf, decisively and auof the United States. The president is not an agency of anything. He is the president of the United States, the

thoritatively, when necessary.

Congressional begemony, therefore, lies in the area of long-range policy determination. The president's inherent advantage, by contrast, is in his ability to move more quickly and decisively. The importance of the ment can completely take away the president's greater agility is demon-foreign policy prerogatives of the

strated by the fact that the last war result of a deliberate decision by Congress, rather than because of action-forcing events that left little choice, was the War of 1812.

Continuing dialogues with other foreign leaders, and requests that those leaders act in America's interest, lie at the core of presidential responsibility. To be sure, he may differ from Congress about what is in the nation's best interest. Difficult constitutional problems

arise in the rare instances when Congress's and the president's views differ, or when Congress acts unambigu-ously to prohibit the president from pursuing his objectives rather than those of Congress. But such instances are so rare that the circumstances under which one branch of governother need not, and should not, be decided as a blanket matter. Short of such an express confron-

that the United States entered as a tation, Congress's laws should be interpreted so as to avoid clashes between the constitutional prerogatives of the two elected branches of government. As long as any other interpretation is possible, neither Congress nor the president should be assumed to have impaired the ability of the other to implement its own foreign relations objectives. To the extent possible, each should be given the leeway to exercise its best judg-ment, and then leave the ultimate jadgment where the ultimate power is: in the people to whom both the president and Congress must periodically account for their stewardship.

> The writer was the solicitor-g of the United States from 1981 to 1985, and now teaches law at Brigham Young University. He contributed this comment to the Los Angeles Times.

his old companion at arms. Win-

Moreover, his succession was ar-

ranged. Georges Pompidou, his for-

mer prime minister, would unques-

tionably run for the presidency

when de Gaulle left, and would win.

government would be secure.

would allow him to abandon power

continue, no threat to the position of

which he had always wielded it.

ston Churchill for example

go on too long in public life.

De Gaulle Saved France, From Himself

PARIS - There are a good many great men who have saved their countries from one threat or another but I know of none, save one, who also saved it from himself.

That was Charles de Gaulle, and the threat from which he saved France was that of the "shipwreck," his phrase, of his own old age. The story, to the best of my knowledge, has never been published. My source is the American diplomat directly coucerned, who prefers not to be named.

De Gaulle has never been a popular figure among Americans, although f think most with a serious acquaintance of the events of the 1940s, and again of France and Algeria in the 1960s, recognize the man's greamess, exercised on behalf of the nation for which he combined a passionate love and an ironic detachment of judgment. He had, as is well known, "a certain idea of France" to which the French themselves, in his

eyes, too often failed to measure up. conducted at the expense of the United States, a long and painful affair in which the first blows had been struck by the government of Franklin Roosevelt Roosevelt found incomprehensible this arrogant brigadier general who, with a handful of troops to command, insisted that he embodied

the legitimacy of France at war. The "monolithic simplicity" of de Gaulle - to use the phrase of Don Cook, his American biographer — to the end cluded and affronted President Roosevelt. The United States

By William Pfaff

waited until five months after the Normandy landings and two months after the liberation of Paris before grudgingly granting de Gaulle's gov-ernment diplomatic recognition.

For France, however, de Gaulle had saved the national honor in 1940, and by sheer force of will compelled Britain, and the United States in the end, to accept Free France as a full ally. He restored republican government, disarming Communist resistance forces that for a time seemed to threaten it.

Again, in 1958, he came to power in a crisis, that of the Algerian war, and brought about an enduring settlement, at the cost of suppressing a military mutiny and a struggle inside France that produced repeated attempts at his assassination.

The third historic service he rendered France, when he saved it from himself, came in the spring of 1969. uprising of 1968 had delivered a severe challenge to his government. He eventually mastered the situation by dissolving Parliament and calling new elections, which resulted in a Gaullist landslide. Still, he had been shaken.

Early in 1969 de Gaulle's friend,

and minister in his government, the writer André Malranx, made an ap-pointment with a high official of the U.S. Embassy in Paris. Malraux ostensibly wanted to discuss an invitation be had received to travel to the United States. That was soon settled.

Philippines: Communists in a Quandary

MANILA — The frustration of the Communist Party of the Philippines was displayed earlier this month in an advertisement its political hureau placed in a Manila newspaper. The advertisement complained of an executive order by President Corazon Aquino outlawing the party.

The Politburo asserted that Communists were being deprived of their legal rights to pursue "the path of open mass struggle." It added that we have no armed group and there is nothing in our party program and in our documents that calls for the violent overthrow of the state."

Ironically, that advertisement appeared as a campaign of urban terror was being mounted in Manila. Assassination squads, or "Sparrow" units, of the New People's Army, the military wing of the Communist By Michael Leifer

Party, have killed more than a dozen police officers. These killings, which continue, are justified by the party on the ground that "the victims were abusive and did not render genuine service to the people." The Philippine Communists are

faced with a quandary. Until February 1986, they bad been the political beneficiaries of the tyranny and corruption identified with former President Ferdinand Marcos. But victory was snatched from them when Mrs. Aquino triumphed without their support. The Communists also misread the public mood in January, at the time of the constitutional referendum, and the party's political sympathizers in the Alliance for

New Politics were trounced in the congressional elections in May.

Still, the Communist movement in the Philippines is not on the verge of defeat. The country's social and economic ills remain virtually untouched, while landowners have begun to orga-nize in an attempt to frustrate the president's declared commitment to land reform. Moreover, with Congress convening at the end of June, a traditional oligarchy will have been re-stored with only Mrs. Aquino symbolizing political change.
But despite a trend that might

seem to serve their cause, the Communists are of two minds. Armed struggle over nearly two decades has not brought them close to achieving power. Struggle through the ballot box, however, has also been a failure. In frustration, they have resorted to urban terror in Manila in the hope of provoking a Marcos-like response from the Aquino government. One fundamental problem facing

the Communists is that they posses an anonymous identity. This is a serious handicap in the personalized po-litical culture of the Philippines. They may feel that justice is on their side, but they cannot match the saintly personal appeal of Cory Aquino. That is her government's major asset.

The writer, who is on leave from the London School of Economics, is a visiting professor of political science at the National University of Singapore. He contributed this comment to The International Herald Tribune.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts. his successor. The United States should be aware of this in advance; be wanted no unfortunate surprises. The American did not know wheth-

er all of this was Malraux's fantasy, Malraux's own interpretation of de Gaulle's state of mind, or whether Malraux was delivering a message drafted by the great man himself. He cannot say today. He reported to Washington what had occurred. In March 1969, de Gaulle declared that a national referendum would be

called on an intrinsically unimportant issue of political decentralization. He said that he would consider the result a test of his mandate. The referendum took place on April 27, 1969, and de Gaulle, as most expected, lost the vote by 52 percent to 48 percent. He made known his resignation shortly before midnight the same night. On his orders, every trace of his presence was immediately removed from the presidential palace. He returned to the modest house he

maintained in the village of Colombey-les-deux-Eglises. Nineteen months lat-er, 10 days before his 90th birthday, he died of a heart attack: A few months government itself. earlier, in a conversation with Malraux he had remarked, "I gave France back what she had given me."

International Herald Tribune

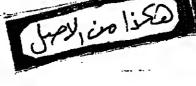
Los Angeles Times Syndicate.

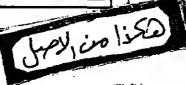
IN OUR PAGES, 75 AND 50 YEARS AGO

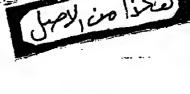
sounds of Democratic discord in Bal- hailing it as a continuation of the timore. All indications point to a Front Populaire, while the press of struggle in the Democratic Mahional the Right said that the new set-up Convention that may become almost meant a return to orthodoxy. The as bitter as that just endete with the appointment of Georges Bonnet, renomination of President W.H. Ambassador to the United States, to Taft. The chief difference between the post of Finance Minister was the two situations is that the Balti- stressed as promising a return to fimore battle will be the result of a nancial orthodoxy after the adventurstraightforward and honorable rival- ous policy of Vincent Auriol ry among candidates for the Press. NEW YORK — The New York dential nomination. Mr. Clark Gov. Times said: "Mr. Chantemps let it be emor Wilson; Governor Harmon and understood that the new government." Mr. Underwood have been engaged would continue the application of the for some weeks man open contest for Blam government's program, aldelegates. Mayor Gaynos of New though perhaps under a form and with York is more and more talked of as a methods slightly modified. The New possible nominee, and Mr. Bryan. York Herald Tribune said. The like the poor is always with many the front Hopulaire remains intest.

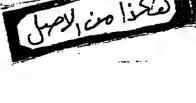
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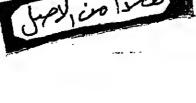
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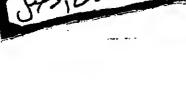




















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OPINION

After NATO: The Drums of Decoupling

I ONDON - The George M. Cohan-phase of American foreign policy is ending. "Send the word, send the word over there," went his World War I lyric, concluding "and we won't come back till

it's over, over there."

The struggle to defend democracy in Western Europe is not over, despite the seeming end of Cold War II, but we are coming back. The Yanks — a third of a million troops — will be gradually "drawn down" in the decade ahead.

That is ritually denied by President Reagan, and it will not happen on his watch. But the tectonic plates underlying the Atlantic alliance have shifted. and the next administration, Republi-can or Democrat, will abandon the old nuclear umbreila myth and face the new reality: The United States will not guar-antee to respond automatically to a Soviet attack on Western Europe with an attack on the Soviet Union.

Why not? Has NATO not successfully deterred the Russians for two genera-tions, and is there not strength in unity? Yes. Will a post-NATO world not encourage the Europeans to become neutralist, or invite the Kremlin to roll its tanks westward? Not necessarily.

The fact is that America's European allies see NATO as a strictly regional pact with the Iron Curtain as its front line. When the United States acts to stop Communist expansion in Central America, Europe disapproves; when it attacks a center of terrorism in Libya, France (which is not a NATO member, but benefits from its existence) refuses overflight; when danger looms in the Gulf, Europe is willing only to hold America's coat.

We Americans used to accept Eu-rope's parochialism because we thought of the Iron Curtain as our front line, too; it was in the U.S. interest for American troops to man the ramparts in West Germany. We told ourselves it was actually cheaper to keep our men in Europe than to house them in the United States, assuming illogically that U.S. Army troop levels would be the same after we decided to update our strategy.

But approaching the millennium, Americans are realizing that their front line is the skyline; the country's primary national defense interest is to protect itself from the threat of incoming missiles. Its global mission is better served by investing in a new nuclear shield than in manning old caserns in West Germany.

The "star wars" strategy is here, it is irrevocable and it is already making its impact on the plans of European leaders. They know that a survivable superpower—not wholly impregnable, but not naked to truclear attack - could then help defend their borders, by reinforcement or by threat of escalation elsewhere.

The regional defense strategy of the West is now changing as an immediate consequence of its greatest victory. The Soviet intermediate-range missile bluff of the 70s was met with European-American resolve in the '80s: Moscow is now willing not only to restore the status quo ante, but to lower the nuclear ante - to remove shorter-range missiles.

By William Safire

Mr. Gorbachev's plan is simple: Since Western Europe could not be intimidated with Soviet nuclear missiles, then all of Europe should be denuded of nuclear weapons, leaving the West vulnerable to old-fashioned Soviet tanks and planes and armies. The

ESSAY

military means are different, but the Soviet goal of extending its domination of Europe further west is the same.

Now it is up to the Europeans to respond as a regional power should. They need not await some utopian federation; right now, the population and total GNP of the West European nations are larger than the Soviet Union's. America can help by seeking to negotiate down Soviet conventional strength. but Mr. Gorbachev is unlikely to give away his regional advantage for nothing.

Voting Selfishly, of Course

Thatcherism" (June 13):

Regarding the news analysis "Britain's New Political Center: The 'Haves' Back

The naïveté of Howell Raines is as-

tounding -- or does he speak with tongue in cheek? He talks of Prime Min-

ister Margaret Thatcher's appeal to vot-

ers' selfish interests. When have voters

ever voted for someone else's interests?

days when, under Labor rule, with 30

percent inflation, the country was very

near to bankruptcy. Nor do they forget that there are those within the Labor

Party whose sole ambition is to reduce

the whole country to "have nots," and

thus put us on the sure road to commu-

nism. Neil Kinnock (a sincere man) would be deposed within a week of com-

ing to power and be replaced by one of the hard left, who are keeping out

The Alliance grouping of Liberals and Social Democrats destroyed itself by

having nothing to say except strident

personal attacks on Mrs. Thatcher. The

electorate are not fools; they know all

about Mrs. Thatcher but, with the pros-

perity of the country in mind, who else

Pornography Scandal

Le Château d'Oléron, France.

Regarding "15th Is Arrested in Por-

nography Ring in Brussels" (June 20). I would like to make the following clarifi-

cations: The persons arrested were

members of the national committee for

UNICEF and not of the organization

itself. National committees are autono-

mous structures organized mostly in in-

dustrialized countries to support UNI-

LE ALLWOOD.

of sight at the moment.

could they vote for?

The voters have never forgotten the

al threat? Experience has shown that the Russians will discuss arms reduction only when their adversaries begin building defenses. That means not merely replacing the withdrawing Americans, but increasing and improv-ing the forces needed to make a Soviet thrust too costly to undertake.

All the old fears of the consequences f recognizing reality, of a sinking of spirit and a rush to accommodation w communism, are losing relevance. Paris and Bonn have been shocked into talking about an integrated force; good. The era of defense dependency and its re-sentment is ending; the drums of deconpling are drum-drumming everywhere. Europe and America need each other

as much as ever, but with a different mutuality of reliance — the European states to defend their eastern border and free-market interests in specific regions the United States to apply its strength to help freedom prevail around the globe. The New York Times.



LETTERS TO THE EDITOR

CEF's cooperation in developing countries through advocacy and public information as well as fund-raising ac-

tivities and sales of greeting cards.

Jozef Verbeeck and Michel Felu were not UNICEF officials as such but employees of the national committee for Belgium Furthermore, Mr. Felu was not a volunteer but employed, with others, as part of the unemployment reduction

program in Belgium.
UNICEF is deeply concerned with the events in Brussels and firmly condemns these and all physical and moral attacks on children's dignity. The director of the national committee has been suspended pending the results of the inquiry undertaken by the Belgian legal authorities. VICTOR SOLER-SALA.

Director of UNICEF Geneva Office.

Venice, for Tea and Photos

Just how much more of this summit garbage must the world suffer through? The Venice media event between these so-called leaders resulted in nothing but meaningless piffle regardless of the cheerleading twists they tried to put on it. President Reagan caves into Prime Minister Yasuhiro Nakasone, Prime Minister Thatcher drops by for tea (and photo), and Chancellor Helmut Kohl feeds some overweight pigeons.

If these biggies really wanted to pull off something productive, they might have tried to have Mathias Rust sprung from the Kremlin pokey.

As it all turned out, all we got was another terminal case of the ZZZs. CHUCK PAINTER.

Rome.

I am an Italian and as such I know of the waste of public money. During President Reagan's visit to It-

aly, millions of dollars were spent for his security: for guards, armored cars and so on. That is perfectly O.K.; the safety of the American president comes first. But was it really necessary to ship from Portugal a double bed to the villa

near Venice where the presidential couple spent a few nights?

Couldn't the Reagans, for economy's sake and concern for the American taxpayers, have slept in separate beds?

R.D. GRILLO.

The Cruelty of the Bullring Your edition of June 3 shows a photograph of a bull somersaulting during a pass at a matador in Madrid. Contrary to the would-be caption, "Topsy Toro," the text describes something that seems to me to be anything but funny: "The bull's horn was rammed into his head but the fight went on." Increasingly, people in Spain today are recognizing bullfighting as cruel and barbaric, and quite in contrast with the finer things of Spanish culture. I think you should be

more sensitive to such situations. JOAN KENNEKE

Working Better Together

I enjoyed "Superconductor Search: A Race and an Obsession" (May 19). But the remark by a physicist at Bell Laboratories has been bothering me. He said: "I suspect that the first products will be from Japan. Whenever individual efforts count, we have been leaders. Yet, when it comes time to turn ideas into products, we are lost."

The stereotype that Americans rebel at teamwork while the Japanese excel at it, and that Americans are creative indi-

vidual researchers while the Japanese are not, is untrue, and it can only harm relations between the countries. The Manhatian project and the Apollo moon shot are two striking examples of effective American teamwork.

The style of pursuing science and technology has evolved steadily, and while individualism is still important group effort is practiced more and more in every country. Perhaps what is needed is a new vision incorporating individualism and groupism, to enable people of all nations "to turn ideas into products." Philosophers, please accept this challenge! KENKICHIRO KOIZUMI.

Soft on History?

Regarding the opinion column "Has Europe, the Crippled Genius, Given Up on Itself?" (June 1) by James Reston:

Is sane Scotty Reston going soft in the bead or just trailing his coat? His equation of 1787 America with today's Europe sounds like some provincial clown comparing contras to "our founding fathers," Both parochial and bogus.

MICHAEL KUIL Segovia, Spain.

A Generalist Philosophy

Regarding "The Medical Bits and Pieces Don't Add Up" (May 26):

The dilemma Ellen Goodman points out is due to mass bypnotism via the mass media, a modern Western disease to which, fortunately, we in the developing world are not yet exposed. As a broadcasting professional. I am swaving back to the generalist philosophy of life; deal with the whole person, not parts of the system. A. MAWAZ.

Kuala Lumpur.

A Death, on the Longest Day, Of Someone Quite Particular

By David Glidden

to let the bomeless have their bridges and their benches, even to give them a little money to help them slake their thirst. Otherwise they were left alone, as independent spirits. But they were also left to die, 10 perish with the same indifference that sustained them.

المكذا من المصل

During the summer solstice, the long-est day of the year, the sun rises while

MEANWHILE

the city is still dormant. But one long-ago longest day I found dreaming diffi-cult, so I walked around Paris streets at 4 A.M. The street sweepers with their twig collectors and those who clean the gutters by laying down heavy rags next to street faucets to guide the stream first in

one direction and then another.

A few remaining ladies of the night leaned against facades, making themselves conspicuous. Their clothing and facial paint revealed too much; what might have fascinated a man at midnight looked grotesque in the streaks of dawn. In an alley an elderly woman was feed-

ing some unwanted, mangy cats. She talked in loving tones to them, and for the time they were her pets, competing for her attention, rubbing up against her legs.

About that time the cafes opened

their doors. The Algerian street sweepers and gutter washers gathered for a drink of some hrightly colored liquor, yellow or green. And I walked into their café for a coffee and croissant.

Around six or seven, most mornings, I would head back to a Left Bank apartment to begin my day's studies. But on this particular June morning something happened. Crossing the bridge from the Ile St. Louis to the Ile de la Cité. I found police had gathered at my favorite viewing spot downriver. I asked what they were doing and was told it was not my concern. But I continued to watch all the same, as they began to drag the river.

Two police divers went down and came up with a suffened body, his arms emerging first, stretched out like a diver's. It was the first time I had ever seen a dead man, and when I saw his face. I discovered that I knew him.

It had been a melancholy summer, that summer of '75, so I had taken to reading Henry James's "Ambassadors" in the late afternoons, sitting on a particular bench on the port side of the Ile St. Louis, below street level and just above the Seine.

Watching the barge traffic proved a distracting comfort. Those barges were also their pilots' bomes, with families, pets and autos piled on the barges. On sunny afternoons laundry would be hung to dry; in the evenings I could smell the aroma of old-fashioned French cooking, rich in sauces and in cream.

R IVERSIDE, California — At the time it seemed a form of courtesy, with the current still strong from the spring rains. I used to look for a mother spring rains, I used to look for a mother and her broad of ducklings, as she guided them from one He to another. They had taken up residence at the ivy-covered end of the Ile de la Cité, behind Notre Dame cathedral and at the spit of land that is now a memorial to the French who were deported to Nazi death camps in World

War II. Such a place as this had finally found room for kindness and for refuge. One moody day I came away from my distractions to discover a clochard sitting on the bench beside me, nursing his wine. It is said that in earlier days the Parisian homeless person, or clochard, was just an independent soul who preferred his life outdoors. Now most of them are alcoholies with nothing but old clothes to wear

and bridges to sleep under. This particular clochard struck up a conversation, asking why I was so quiet. No, he was not asking for contributions. Rather, he wanted to talk, to enjoy the summer evening air and a civil mood. When I did not at first reply, he did the next best thing and offered me a drink.

I declined hus began to talk with him instead: about the river traffic, the weather and the ducks. It was a limited conversation; my French was not good and my companion wasn't sober. But he swore he understood everything I said and claimed my French was better than de Gaulle's. He cheered me up. I left the bench to have some dinner and bid my friend adieu. A few days later, on the summer solstice, the police found him in the Seine.

Until I had seen his face it seemed a considerate strategy, a form of Parisian politesse, to let the homeless be. But this person I had briefly known had died as a consequence of such consideration.

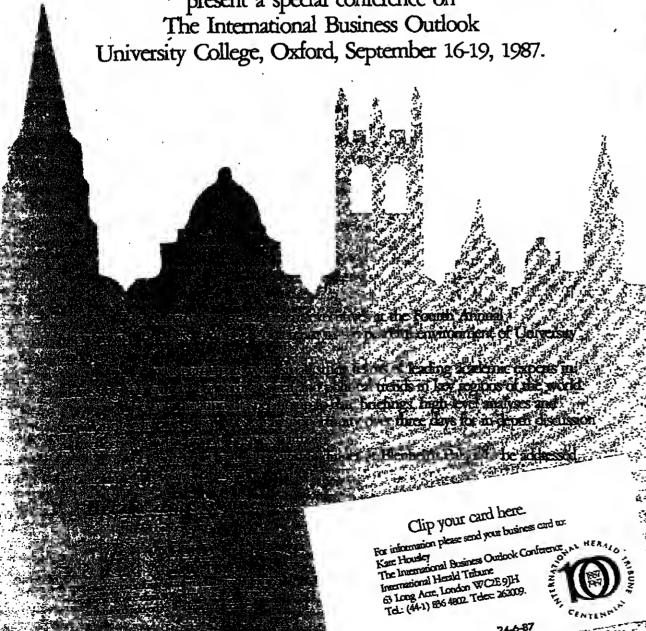
We rarely think how homeless per sons spend their time or what they think about. Considering them from the outside makes it difficult to consider them from within. There is something quite particular about how these human beings spend time, sitting on their benches and reflecting on their lives. They nonce little things, like ducklings swimming in the river, things few others attend to.

There is a certain sense of companionship and commonality among clochards and it extends to strangers too - a mutual consideration for the unhappy and those despairing of themselves. This is the fraternity of the homeless. Observing the bustle around them, there is a special, slower sort of knowledge they enjoy that most never will discover, a knowledge that may well lend itself to metancholy and to drink, but a knowledge all the same. The only place for proper observation of such a spectacle is a stationary one, such as on a Seine riverbank.

The writer is a professor of philosophy at the University of California, Riverside. He contributed this comment to the There were water fowl on the river, Los Angeles Times.

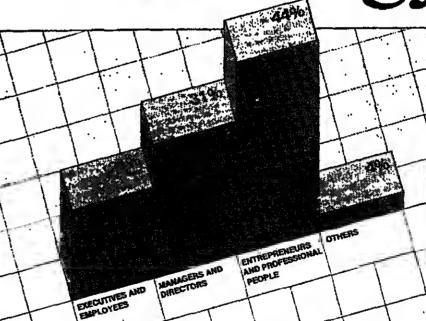
An Invitation

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Solar energy carries prestige. It's important, and the symbol of a new market. Il Sole 24 Ore gives its advertisers the inexhaustible source of energy that comes to us from its ever more positive circulation and reading trends, from its ever better qualified readership, from its ever more complete contents. The histogram above gives us a fine idea of how a good 44% of Il Sole 24 Ore readers are entrepreneurs and professional people, of how almost all of its employee-readers hold positions of great responsibility.

Over the past 12 months, thanks to their high decision-making power, Il Sole 24 Ore readers have decided to purchase or rent important accessories for their professions: computers (38%), photocopiers, industrial equipment, apartments and premises.

While only 11% of all Italians hold an insurance policy other than their car insurance, the percentage goes up to 70% for Il Sole 24 Ore readers: the umpteenth proof of their willingness to invest in well qualified goods and

services.

giltedged securities, and other fixed-interest bonds. There's more: half of its readers hold a

personal credit card (the national average is 2%), and 54% use two or more banks as part of their everyday routine.

investment fund (that's over ten times the Italian average), and 41% own shares quoted on the stock exchange, along with

Although nearly all (95%) Il Sole 24 Ore readers own a colour tv set, they're not great radio or

television fans: on average, they only watch television for one hour eighteen minutes a day, while the national average is more than four hours.

The high purchasing power of II Sole 24 Ore readers is confirmed by the fact that 57% of them run two family cars (national average: 27%), and 20% of them actually own three. And more than half have a car with a capacity of over 1400 cc, the national average being 15%.

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With Perjury in Moscow Case WASHINGTON — A former while being interrogated," Colonel conduct and espionage against a U.S. Marine guard at the U.S. Em- Shot well said. bassy in Moscow who told military

Marine Guard to Be Charged

Sergeant Lonetree is awaiting a court martial on espionage charges stemming from his alleged delivery nage and sexual exploits of two other guards is being charged with of classified documents and other perjury, a spokesman for the Maitems to Soviet agents while posted to the Moscow embassy.

Corporal Bracy, also a former of New York City, is being charged Moscow guard, had been accused with nine counts of making false of espionage, but the corps statements and two counts of perdropped all charges against him June 12 when it could not develop jury, the spokesman, Lieutenant Colonel John Shotwell, said Monsufficient evidence. Corporal Williams, who was as-

The corps is charging that by signed as a guard in Moscow from constantly changing his accounts. Corporal Williams impeded the spy investigation and caused "the misedly changed his statements involv-use and unnecessary expenditure of ing the alleged activities of Ser- investigative resources.

geant Clayton J. Lonetree and Corporal Arnold Bracy, the ment of charges against Corporal spokesman said.

Williams, disclosed that he had

London Redevelopment Plan Falls Victim to a Landmark

LONDON — A plan to redevel-op the heart of London's financial rected buildings. It was the second district that opponents said would design by a renowned architect have obstructed views of St. Paul's submitted by Mr. Palumbo, and be Cathedral was dropped by plan- is expected to appeal the planning

ning authorities Tuesday. A property developer. Peter Palumbo, has waged a 27-year campaign to get a modern architectural masterpiece put up opposite the Bank of England in the City of London

investigators about alleged espio-

Corporal Robert J. Williams, 22,

March to September last year, and

then in Vienna until April, repeat-

The plan would involve the de-

Japanese Cabinet Backs Plan for Extra Spending

Compiled to Our Staff From Dispatches packages by juggling its hudgetary TOKYO — The Japanese cabibooks. This time, however, such fiscal maneuvers seem to have been net approved the higgest supple-mentary hudget in 13 years Tues-kept to a minimum, economists day in an attempt to invigorate the The United States has been economy and defuse foreign critipressing Japan to stimulate its cism of its huge trade surplus. economy and step up its imports in hopes that this will help cut the U.S. trade deficit, which totaled The draft supplementary hudget is aimed at financing one-third of

\$170 hillion dollars in 1986. The 101 hillion yen allocated for mit meeting of the major industri-alized democracies, government officials said.

The 2 08 crillion wer 4814 2 bil-

lion ven, the officials said. Most of the imports are expected to come from the United States, Japan's biggest trading partner. Besides two foreign supercom-

puters costing a total of 8.7 billioo The supplementary hudget, the biggest since that adopted in 1974 13 helicopters worth 7.2 billion yeu yen, Japan also intends to purchase after the first shock oil price inand five other aircraft worth 13 crease, is part of a 6 trillion yen hillion yen, the officials said.

Under the supplementary bud-In the past, Japan has often lim-inclined the impact of its economic roads. (Reuers, AFP) body.

third Marine, only to contradict and withdraw those charges during

a subsequent interrogation. Colonel Shorwell said that Corporal Williams has never been suspected of espionage himself but that he repeatedly gave conflicting stories as he was questioned about his knowledge of the activities of the others.

"The Marine Corps finally de-cided that the best thing to do was to prefer charges," the colonel said.
Corporal Williams will be given a military attorney and will appear before a hearing officer who must recommend whether he should face

For two weeks in April, Corporal Williams seemed destined to be-The corps, in its formal state- come the star witness in the espionage trial of a fellow guard at the Moscow embassy. The Washington Post reported from Washington.

On April 2, Corporal Williams gave investigators a detailed ac-count of how Corporal Bracy broke down in tears as he was leaving Moscow, describing how an emhassy cook had seduced him into committing acts of espionage for the KGB. That, plus Corporal Bracy's own statement of complicity, seemed to make for an ironclad

But then both men suddenly recanted their statements, leaving the case in shamhles.

The only known hasis for the His initial proposal was a glass belief that Soviet agents were per-tower. The latest rejection came on mitted into the embassy is the testimony under interrogation provided Corporal Bracy, who initially scribed himself as a "lookout" for Sergeant Lonetree.

A senior U.S. intelligence official said there is no independent evidence confirming that any Soviet agents were allowed into secret areas of the U.S. Embassy in Moscow

by the Marines. Like Sergeant Lonetree and Corporal Bracy, Corporal Williams asserted that he was tricked into making incriminating statements during long interrogations. They contended that the use of polygraphs, protracted and threatening interrogations, and the use of various ruses by the agents led them to make false statements. (AP, BP)

Sharjah Sheikhs Agree To Reconciliation Pact

The Associated Press

SHARJAH, United Arab Emirates — Sheikh Abdel-Aziz Bin Mohammed al-Qassimi, who tried to take over the Gulf emirate of Shariah, reconciled Tuesday with his brother, Sheikh Sultan Bin Mohammed al-Qassimi, who is the emirate's ruler.

Officials said the brothers agreed in a pact ending the weeklong coup attempt that Sheikh Sultan is the legitimate ruler and Sheikh Abdelget, the government will spend 1.76 Aziz is crown prince and managing

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and decided to go ahead with a march Friday in Seoul. He made his first public remarks A resolution approved at the rally said the students would march

On Thursday, he will meet with Kim Young Sam.

About 20,000 radical students at

Students burned effigies of President Chun Doo Hwan and his designated successor, Roh Tae Woo, in Seoul on Tuesday.

"Attempts to solve problems by resorting to violent and illegal means will serve no one's interest." on the presidential Blue House and warned against resorting to martial he was quoted as saying in local law or other strong measures.

"In this respect, it is very regret-"From the very moment extraordinary measures are taken," it said, "we will no longer stick to the pretable and worrisome that violent street demonstrations and riots sent policy of peace and nonviocontinue these days," the papers

Mr. Chun has said he would step The National Coalition for a down as president in February. It was the formal nomination by the Democratic Constitution, a new opposition alliance that organized ruling Democratic Justice Party on the June 10 protests, has called for June 10 to replace him with Roh nationwide "peace marches" in Seoul and other cities Friday but Tae Woo, his close associate, that said it might cancel the planned marches if the Chun-Kim meeting The White House has been urgproduced results. measures in coping with the crisis and to solve it through negotiations

Political violence in the past two weeks has been the worst since Mr. Chun came to power after President Park Chung Hee was assassi-U.S. television interviewer that "we pated in 1979, and the Yonsei University rally Tuesday was the largest that local observers had

Police announced Tnesday that 12,686 people had been detained ously serious" situation. At the since the protests began but that most had been released.



Kim Young Sam, left, met Tuesday with Kim Yoon Hwan, an aide to President Clum Doo Hwan, to arrange the talks."

VW: Toyota, German Automaker Join Forces on Trucks

(Continued from Page 1) ket the Hi-Lux pick-up truck in

Europe through their distributor-

primary source of engines, has been the United States and Brazil. operating at 65 to 70 percent of Mr. Hahn said that Brazilian

ing closing it.

Separately, VW announced Tuesday that its worldwide sales in the first five months of 1987 were Industry analysts said the accord down 3.6 percent from a year earlimay have saved the Hannover fac- er, to 1.15 million vehicles, mainly tory. The plant, until 1970 VW's because of a sharp drop in sales in

capacity in recent years and VW sales declined 37 percent in the vehicles, Mr. Hahn said.

had been rumored to be consider- period, to 106,000, because of the country's economic difficulties, while U.S. sales fell 23 percent, to 92,000, largely because of the drop Weizsäcker Arrives in Athens

of the dollar. In contrast, European sales rose by a record 9.1 percent, to 474,000 vehicles during the period, he said, won Weizsäcker and Foreign Min-

ATHENS - President Richard

Mail Service

In Canada

Disrupted

By Strikes

By Herbert H. Denton

Washington Post Service
TORONTO — Mail service

across Canada, which in normal

times can be slow and erratic, is in

disarray as letter carriers hit one

city after another without warning

in a series of brief but sometimes

The police and strikers have been injured in scuffles in Calgary, To-

ronto and St. John's, Newfound-

land, as the strikers attempted.

sometimes successfully, to block

mail tracks and vans carrying re-placement workers who were hired

since the strikes started June 16.

Striking letter carriers broke into

a Montreal postal station last week,

overturned mail racks, smashed chairs, trampled on letters and packages and beat up temporary employees brought in to replace

Sympathetic sorters and other

unionized postal workers still

working have said they are deliber-

ately misdirecting some of the mail that is still going through. Leaders of Canada's major

unions have given strong backing to the Letter Carriers Union of

mands of the government-owned corporation, Canada Post, to scale back the work force and after over-

time and work rules. Faced with a

\$100 million a year operating defi-cit by Canada Post, the government of Prime Minister Brian Mulroney

has taken a tough line in negotia-

"Ronald Reagan broke the air traffic controllers because the labor

movement in the United States stood by and let it happen, but it's not going to happen here." Bob White, president of the powerful Canadian Auto Workers, said as he

walked the picket line with letter carriers in Toronto on Saturday. The letter carriers, who have adopted the tactic of rotating

strikes partly because they do not have a strike fund, appeared to win

one round over the weekend, when

postal management officials called for a federal mediator and agreed

to end the experiment of hiring replacement workers to help deliv-er the 25 million pieces of mill

handled each day nationally.

Since 1981, Canada Post has de-

creased its annual operating deficit,

which had been as high as \$440

million mostly by raising postal

rates. The cost of a first class

stamp, now about 29 U.S. cents, more than doubled between 1981

Mr. Mulroney's government has

been attempting to balance the books by closing hundreds of rural

post offices and by eliminating home delivery in some new subur-

ban subdivisions.

nada, which is resisting the de-

violent rotating strikes.

Sales of VW's recently acquired ister Hans-Dietrich Genacher of Spanish imit, SEAT, rose more West Germany arrived here on than 37 percent, to about 110,000 Thesday for an official four-day

separately with Mr. Chun, Mr. Roh and Kim Dae Jung on Wednesday.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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(Continued from Page 1)

power plants in Yonggwang, 150

miles (245 kilometers) southeast of

on the crisis at the opening.

quoted him as saying.

and compromise.

involved" in the crisis.

prompted the demonstrations,

ing Mr. Chun to avoid emergency

Before arriving, Mr. Sigur told a

do not want to see the military

Mr. Sigur's trip is seen as an

effort to underscore U.S. concern

over what he has said is an "obvi-

same time, the United States is con-

cerned that the visit may raise anxi-

eties about the U.S. role and sug-

gest analogies to visits by U.S.

fall of the former Philippine presi-

deot, Ferdinand E. Marcos.

envoys in the final weeks before the

Mr. Sigur is scheduled to meet

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MONTENEGRO: For Thousands, a Roundabout Road to a Better Life videos. Nina, 16, said freedom was these tickets were obtained through eyes, the hosts guide the newcom-

(Continued from Page 1) his six children, all born in America, on a disability pension from

Chrysler Corp. He has added a swimming pool work and support themselves.

the Gjonbalaj family returned from join them in America.

living here with his wife and five of greater here, because "you can go the Titograd office of Yugoslav ers to the border and across it.

Family bonds are strong among ployees. the has added a swimming pool though they are not mighty educate to his parents' house and he dreams of returning to the United States their money aside. They do not when his children are old enough to hesitate to advance money for Tito-hesitate to advance mone grad-to-Tijuana round-trip air tick- European carriers. In Dosudje, a hamlet of Gusinje, ets to the young men who want to

Brooklyn 18 months ago and built Yugoslavs need no visas to enter where they are met by ethnic Alba-

Airlines, with the complicity of em-

Albanians, Mr. Gregi said and, although they are not highly educated what he called monkey business that halt gration officials, the first task is to

From Mexico City, the official

Once in the United States, said Mr. Gregl, who has often visited Washington for talks with immi-

ident-alien status. The official said that with the said, the migrants fly to Tijuana, help of lawyers who specialize in a four-story house.

Mexico, but they must show the immigration officials a return tick-but compensate with American with American et. In earlier years, Mr. Gregl said, the Mexican police to close their \$8,000 to \$10,000.

House Democrats Pass Budget That Confronts Reagan With Tax Increase

trims in domestic programs. **ESCORTS & GUIDES**

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of Representatives on Tuesday, passed a budget for fiscal 1988 written by Democrats to confront ed Wednesday. President Ronald Reagan with a tax increase while rejecting his call for increased military spending and

would leave a deficit of nearly \$134 Reagan submitted.

d Wednesday. where it would be without action, Despite the tax increase, the plan about the same as the plan Mr.

CATRINA ESCORT SERVICE London

The Associated Press

The \$1 trillion spending plan was promised in the Gramm-Rudman but he has repeatedly threatened to budget-balancing law. However, veto the taxes mandated by the Representatives on Tuesday three Republicans in favor. Final Democrats said their plan would measure. The Democratic plan enactment by the Senate is expectnot be increased.

Democratic leaders concede that even if Congress passed a tax bill

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billion for the year beginning Oct. The budget resolution does not even if Congress passed a tax b 1, well above the limit Congress require the president's approval, they could not override a veto. INTERNATIONAL CLASSIFIED **ESCORTS & GUIDES ESCORTS & GUIDES** ESCORTS & GUIDES

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A view of High Street, St. Peter Port, Guernsey.

Evolution of an Offshore Center

Stability Is Key to Financial Future

The islands are now much more

international finance centers, no

longer dependent on Britain but

altered.

and political stability.

island's 12 parishes.

attracting business worldwide.

By Peter Body

T. HELIER, Jersey — Although part of the British Isles, the Chan-nel Islands bad no direct involvement in the recent British general election. A collection of seven inhabited islands closer to France than England, the Channel Islands are not represented at Westminster and the two principal islands of Jersey and Guernsey have their own parliaments, which make their own laws

d, most importantly, fix their own taxes. Their allegiance is to the Queen of England, who is still toasted in the islands as the Duke of Normandy, emphasizing the historical link forged in 1066 between this former part of the Ducby of Normandy and the English Crown.

The British government bas no direct say in the internal administration of the islands, although it does look after their defense and foreign affairs, services for which the islanders have only now agreed to belp pay for.

The long debate over a defense contribu-tion in the island's parliaments, known as the States, highlighted the rather peculiar constitutional relationship that exists with the United Kingdom. The British government had requested that the islands help pay for defense, stress-

ing that it was only a request, but pointing out that the islanders benefited as much from the protection of the British nuclear umbrella as do the inhabitants of Swindon or Swansea.

It was the kind of invitation that the islands could not really refuse, and they agreed in principle to make a contribution. although some islanders pointed out that being defended by Britain did not stop them from being occupied by the Germans in

The only stumbling block was how the contribution was to be made, because a direct payment from the islands to Britain would smack too much of taxation without representation.

Some formula had to be found of making a payment while emphasizing the islands independence, and fengthy discussions followed concerning the possibility of a "payment in kind," ranging in Jersey's case from buying and manning a minesweeper to es-tablishing a search-and-rescue belicopter

a breakwater in Alderney originally built for the Royal Navy in the 19th century, and which some people said should have been paid for by Guernsey in any case.

After several States debates, Jersey eventually decided on an initial cash payment of £800,000 (\$1.28 million) with a territorial army unit to follow, representing only a tiny fraction of what British residents pay per head for defense.

Although a basic principle was at stake, many islanders believed that the British government was only asking for a defense

contribution because they could see that the

islands were practically bursting at the seams with money. This was underlined by

Jersey's gift of £5 million to Britain after the

Falklands War, which hardly dented the

The island could afford this because of its

Where Jersey and Guernsey were once

known merely as the bome of famous breeds

of cattle, they now have a wide reputation as

one of the world's leading offshore finance

centers. They are borne to some of the world's biggest banks, virtually all the top

accountancy firms have offices in the is-

lands, there are probably more stockbrokers

per bead than anywhere else in the world

and fund management groups look after

All of this has been achieved because of

stable government and low taxes, but any-

one unwise enough to call them tax havens

are quickly reminded by islanders that, un-

like the Caribbean or even the Isle of Man,

Jersey and Guernsey did not set out to keep

taxes artificially low so that nonresidents

billions of pounds.

increasing prosperity, based mainly on the

tremendous growth in the banking and fi-

The claim is that it was only because of

prudent budgeting and being naturally careful with money (some might even say mean) that the islands have been able to provide an efficient administration and a wide range of government services on an income tax rate of only 20 percent, with no value added tax, capital gains or inheritance

Having said that, however, the business partly attracted by low taxation is now so important to the economy that it is incon-

ceivable that income tax, at least, will be

The islanders also point out that, if tax

was the only consideration, individuals and

businesses could do better in the Caribbean

or in other true tax havens. But what helps

to distinguish the Channel Islands from

most other finance centers is their economic

This stability results from the islanders'

basic conservatism, although not in the po-

litical sense because there are no political

parties in the islands, except for one mem-

ber of Jersev's States who claims to be a

One overseas banker described the is-

landers as basically good, bonest people, if

sometimes a little naive, who are governed

by unpaid politicians saintly enough to give

up their time for the good of the communi-

ty. In Jersey, there is even an unpaid, part-

time elected police force to assist the full-

time professionals and help administer the

The unpaid legislature contributes to the

political stability because most members cannot afford to run for office until fairly

late in life and there are few young fire-brands pushing for radical changes. Despite the presence of a sophisticated

finance industry, things tend to move at a fairly leisurely pace in these island communities. Directors and administrators of Jersey's 24,000 companies are still waiting for a new Company Law to replace one that dates

back mainly to 1861.

This delay is not through any lack of effort, but because of the lengthy discussions that have taken place with interested parties and the desire to provide sufficient controls over people involved in Jersey com-

The authorities have also been busy with a large number of other commercial laws in recent years, such as a Trusts Law, an Insurance Business Law that allows captive insurance companies to be set up, a Security Interests Law that widens the scope forlending and a Data Protection Law.

But the islands have not been slow to realize their potential as offshore finance centers, and finance is now the major contributor to the islands' economies.

A decade ago, the islands could have been more accurately described as tax havens, because they relied primarily on British residents and companies trying to avoid high taxation at home. Now they are much more international finance centers, no longer dependent on Britain but attracting business from all over the world.

Jersey's 54 banks have more than £25 billion in deposits, three-quarters of which is in foreign currencies, and Guernsey's banks bold over £9 billion in deposits. Also, of the 3,040 new companies registered in Jersey last year, two-thirds were owned by individuals and companies resident outside Britain.

Nevertheless, some Labor members of Parliament in Britain still complain about the tax revenue lost by the government through the use of the islands by British companies in particular. This campaign is being led by George Foulkes, who repre-

sents a mining constituency in Scotland.

If the Labor Party returns to power, be and some of his colleagues have threatened to do away with the islands "tax privileges" by altering their constitutional position and, m particular, extending British Company

It is generally accepted that the House of Continued on page II

International Influx

Banks See Growth in Securitization

By Jane McLoughlin

maka mendebahan dianggan digan dilanggan di Indapat dan diganggandan mendadak dianggan di

lisrupted trikes

* * ---

: Peter .

T. HELIER, Jersey - Richard Le Sauteur, president of the Jersey Bankers' Association, looks back and marvels that since the birth, 25 years ago, of "our financial-center baby," banking in Jersey has reached "a size at which it is seen as a fairy godmother by some, and a monster by others."

In 1973, there were 29 members of the Jersey Bankers' Association. They had a staff of 541 and contributed an average £2,216 (\$3,546) per employee to the States (government) of Jersey. Only four were foreign. Together, they held assets of £1 billion. Today, 58 banking institu-tions, including 27 foreign units, employ 3,650 people in banks and 2,200 in associated services. They pay an average £10,000 per employee to the States. Banking and financial services now employ 17 percent of the total Jersey work force of about 45,000 in a population of 80,000.

Banking has undergone several cycles of emphasis since Colin Powell, the economic adviser to the States and the man widely credited with engineering Jersey's banking boom, first arrived in the 1960s on an initial five-year assignment to manage the economy.

"Then, when the first merchant banks came in, it was on the backs of people coming out of the colonies with funds they wanted to put in a safe place." Mr. Powell said. "They wanted to move their money back to a British environ-ment, but they wanted the tax advantages of an offshore center.

"There was a build-up of U.K., residents, too, using us for trusts within the exchange control area. So most of the banks coming in were from the U.K. The influx of the international banks started after the scheduled territories were redrawn in 1972, and people wanted to offer a service within the sterling area but not in the U.K. And then in the mid-70s, there was a burst of business on the international loan side, with the attraction of lending where margins were taxed at 20 percent, rather than 52 percent in the U.K. and similar rates else-

That loan business has become a less imporunt part of Jersey's banking business, with a consequent drop in total assets held to £25 million. But almost 90 percent of the business on international financial markets is now in securitized form, and though this has led to a decline in the demand for offshore centers to syndicate large loans, some Jersey bankers see scruttization of debt as a future growth area

In the meantime, though, the main growth area has been in personal banking. Jersey now offers low tax (20 percent across-the-board income tax and corporation tax of £500 a year), political stability and a comprehensive range of land management services to the high net-work clientele the banking community culti-

Jersey banking is ultra-respectable now. The cid offshore image of the island as a tax haven and a parking place for dubious money has been icid to rest. States' policy and the system of checks at d balances as the biggest and most reputable names in international banking watch each other in this small community for any infringement of Jersey's united image jusand Lybrand, an adviser to the States:

"We have avoided speculative and highhoma fide asset high standing."

Brian West, assistant manager of Lloyds Bank in Jersey, said: "The clearing banks have responded to the changing demand and now provide the full range of products to meet the needs of an international chentele. This exists side by side with the traditional domestic banking services required by our residents and tourists. There is no shortage of new business and we can therefore afford to be selective

Banking has reached 'a size at which it is seen as a fairy godmother by some, and a monster by others.'

about what we accept. For instance, we are very conscious of the problem of 'hot' money. If we're uneasy about a large sum of money or tan't take up references, we turn it away. And that route of greater selectivity may well be our response to the shortage of resources. The staff we recruit and train here are very highly skilled — indeed, 20 percent of all those who pass the Chartered Institute of Bankers Trustee Diplo-

ma are from Jersey. This reputation has been won in spite of the ease and the apparent lack of bureaucracy involved in setting up banking services in Jer-sey, particularly in trust administration and fund management, which are booming through the growth of private banking.

Deposit-taking bank services must provide accounts to the States, but that is the only aspect - and the extent - of licensing. The weeding out of dubious business ventures comes earlier, for the States has given banking room only to the more reputable international names. They preserve the integrity of the banking community by ruthlessly screening potennew business in Jersey under the Regulation of Undertakings Law.

"It amounts to a license for new business," Mr. Powell said. "If someone comes and wants to set up here, and we do not think them suitable, we use that law to prevent them get-

The Jersey Institute of Bankers, which has an educational function, puts 200 to 300 high

tify the claims of Robin Rumboll, of Coopers school graduates through the advanced trust administration and fund management courses now offered at the Jersey College of Further profile investment schemes, and have therefore Education. The States may also contribute to suffered no collapse of market. We now offer a the cost of residents' training abroad. But there remains a gap between supply and demand. and the banks are trying urgently to cooperate with the teachers both in supplying bank per-sounce to teach and training teachers in the

> For Jersey's technological revolution in banking could be a two-edged sword. While existing employees must learn to be more productive with the limited resources they have. there are already signs that costs in the City of London could become so high that internstional banks (particularly those with few existing European outlets) could center operations in the Channel Islands, with instant electronic links to the world's financial bubs.

> Electronics make it possible to operate in London, Tokyo, New York and Frankfurt from the islands. The recent move by a Canadian bank, Dean Witter, out of London and into Guernsey is seen as the start of just such a

> So it is success that raises the only faint clouds over Jersey's banking boom. There is no shortage of business, but the banks are beginning to be selective over the type of business they want. They are already moving away from low-profit, labor-intensive activities. But the Jersey banking community must also continue to expand within the bonds of its limited resources. There is an American market to be wooed away from Switzerland; the Far East,

> too, offers opportunities for growth. "Japan is a very important market, and I think Jersey banks will point more funds that way, though at the moment Luxembourg has the advantage of being co-members with Japan of the OECD," says David Humpleby, of Hill Samuel, merchant bankers. "But several Jersey banks now have links with Japanese finance houses, and I think others will also take on

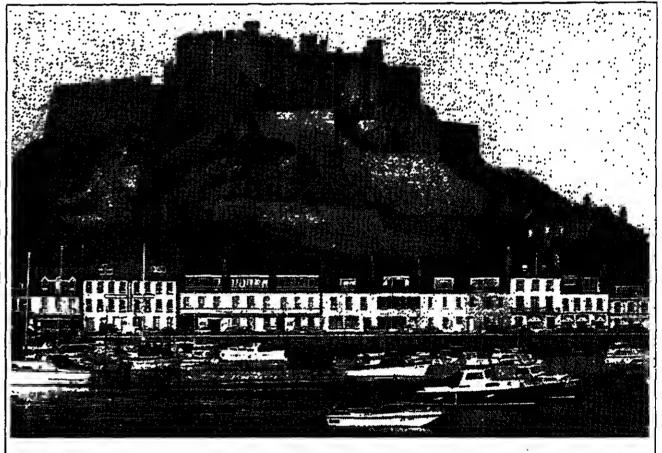
Japanese parnerships." "Banking in Jersey is going to have to get more out of existing resources," Mr. Powell said. "We have not closed our doors to new banks, but development must be in the whole island's best interests. It's a question of whether to use resources to expand existing activities or to introduce new ones. We feel that new business must offer something that provides a

diversification on what already exists." One such diversification is building societies (home finance institutions), and the Abbey National has been negotiating for one of the few ways of entering the Jersey market place

now — by acquisition.
"U.K. building societies can now tap overseas funds, and expatriates who bave a tradition of placing funds with them could want representation of their traditional function here, mainly in collecting deposits: so we will cover any such niches as they arise," Mr. Pow-

It is clear that among Jersey bankers, the customer is king. And as they can pick and choose their clients, only those with a king's ransom are going to qualify to be customers.

JANE MCLOUGHLIN, a journalist specializ-ing in economics and industry, contributes to The Guardian and The Daily Telegraph.



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By Willa Murray

T. PETER PORT. Guernsey — More than a million people visit the Channel Islands every year to whom the financial activities of St. Helier and St. Peter Port mean nothing. They come for the sea, the scenery, the sport and the interest of exploring these fascinat-

ing outposts of the British Isles. Tourism remains a mainstay of the islands' economies, directly, hy supporting hundreds of mainly family-run hotels and guest houses, and indirectly, by the money and employment it spreads throughout the whole community.

Without the tourist trade many of the facilities that make the islands attractive as financial centers would not exist - the yearround daily air links with the British mainland and France, the four-star hotels and gastronomic restaurants, the wide range of sporting amenities and cheap car rental (as little as £4 to £5 [\$6.40 to

\$8] a day in Guernsey).

Annual visitor spending in Jersey is estimated at around £200 million and in Guernsey at £65 million, with tourism accounting for 37 percent of Jersey's gross national product and 24 percent of

In the smaller islands of Alderney and Sark, tourist trade is the

low-cost package holidays to Mediterranean and North African main economic support apart from the revenue generated by resorts. The trend is for the Chanwell-to-do settlers.

financial centers would not exist.

Without the tourist trade and the wide

range of sporting amenities, many of the

facilities that make the islands attractive as

Before the emergence of the offa second-holiday and short-stay destination for the British. shore finance industry, selling vacations was far and away Jersey's The islands have responded by higgest business. In Guernsey, it looking to the Continent for more tended to take second place to horticulture, but with the decline of their trade. Jersey has its own of the tomato trade as the Europetourist office in Paris, as well as in an Community opened up the British market to Dutch competi-London, and Guernsey has made a particularly strong drive in the tion, tourism has moved well Netherlands. ahead of horticulture as an export

Up to the 1970s, the Channel Islands were able to count on a loyal holiday market in Britain, season from Amster-dam. Düsseldorf, Frankfurt, Geneva and Zurich. where they had the image of being Car-ferry services operate from St. sunnier and more exotic than Malo to Jersey and Guernsey, and from Cherbourg to Guernsey, while hydrofoils and other passenhome resorts and something of a duty-free paradise.

Since then, they have had to face growing competition from

Due shortly is another report, commissioned this time at a cost of £50,000 from consultants Pannell Kerr Forster Associates by nel Islands to become increasingly Jersey's Tourism Committee. This will set out a five-year plan for developing the island's tourist

Despite their fine beaches and spectacular coastal scenery, the islands accept that they can no longer rely just on their natural beauty to draw tourists. They are more actively promoting attractions the islands now have disuch as Jersey's internationally famous zoo and Victor Hugo's birect flights in the tourist

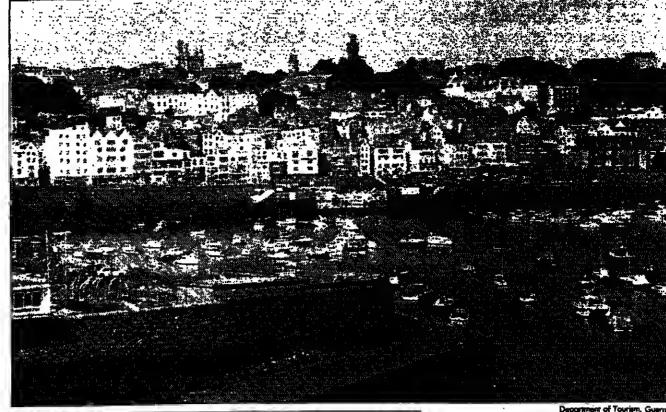
They are also making more of their surprisingly rich historical heritage, which stretches from Neolithic sites and evidence of Roman occupation to medieval castles, Napoleonic forts and towers, and the massive fortifica-tions left by the Nazi invaders. Today, Jersey draws about 20 percent of its visitors from non-

zarre home of exile in Guernsey.

Many more special events are being organized to supplement traditional spectacles like the Battle of Flowers. Jersey stages a spring festival, a good food festival, a France-Jersey festival and a floral week, while Guernsey competes with dance festivals, a powerboat week, a chess festival and, for the first time this September, a two-week "arts and fun" festival.

With the opening this year of a new 820-berth marina, Guernsey is making a special effort to exploit its natural asset — the sea. The island will be the main sponsor of the 1988 International Boat Show in London and is to host the World Class 1 and II powerboat championships.

WILLA MURRAY is a journalist



Three faces of the Channel Islands that predate the banks and stockbrokers: St. Peter Port, above. the chief town of Guernsey; a Jersey beach with its martello tower, and

chrysanthemums ready for export.





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Political Stability Is Key Link to Financial Future

Continued from page I

ger ferries link them with the Nor-

British markets, and Guernsey

about 15 percent. But the islands'

tourism prosperity remains over-whelmingly tied to the British

market, where they still have a

strong appeal as no-passport holi-day destinations that combine a

whiff of France and low-duty, VAT-free prices with a reassuring-ly familiar English environment.

After a disappointing early sea-son last year, the Jersey Hotel and

Guest House Association commis-

sioned a £25,000 survey of the in-

dustry from accountants Deloitte
Haskins & Sells, Although critical
in many respects of the island's
marketing efforts, the report was
optimistic about the holiday prod-

mand in the European travel mar-

uct itself, which it saw as placed to meet the potential de-

mandy and Brittany coasts.

Commons does have the reserve powers to legislate for the islands in the interests of good government, but by convention huilt up over centuries, it has oot done so.

The islanders also believe that it is inconceivable that the British Parliament, in which they are not rep-resented, would seek to alter their coostitutional position against

With democratically elected

parliaments, the islands also clearly have the option of breaking away from Britain altogether if they wanted. They have already looked at the possibility of severing the monetary union that exists between them and Britain, just in case a future British government decided to reimpose exchange

Up to this year, any exchange controls would have been auto-matically extended to the islands under Botish law, but one of the last acts of the Conservative administration before the June 11 election was to repeal this law, and even the Labor Party has said it would not want to use exchange

Another argument against in-

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British Channel

terference from Britain is the sig-nificant contribution the islands' finance sector makes to the British balance of payments position and the level of foreign earnings. Several years ago, it was estimated by William Clarke, then the directorgeneral of the British Invisible Exports Council, that Jersey alone contributed more than £100 million to the balance of payments,

and this figure will have increased considerably since then.
So far, the islands have been able to avoid any major financial scandals and have increased their reputation. As Colin Powell, the economic adviser to the States of Jersey, says, there are many reasons for Jersey's continue strength as a finance center, in-

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cations, proximity to the City of London and a high standard of professional services. But a key factor in recent years has been the reputation of the is-lands as a center that offers high service standards," he said.
"The islands have avoided the

adverse publicity attaching to many other offshore centers, die in large part to the policy pursued of only approving new banks, trust companies, offshore funds, etc., related to first-class names of international renown."

But there is always the possibility that the all-important reputatant, the system is vulnerable to abuse by criminal elements.

The laundering of the profits of drug dealers is a distinct possibile, ty, but no evidence has been produced that this goes on to any extent. A House of Commons committee that visited the islands last year said it was satisfied that the authorities and the finance industry were as keen as anyone to. avoid handling dirty money.

Both Jersey and Guernsey are introducing legislation to allow the confiscation of the assets of: drug dealers and provide for more disclosure of information from financial institutions where the han-

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true.

Similarly, the authorities are planning legislation to ensure that Jersey and Guernsey companies are not used by insider traders in Britain or elsewhere to hide their illegal profits in share dealing. The new law will enable inspectors to be called in to investigate local companies where there are complaints of insider dealing. But the use of any information will be strictly limited, because the authorities are anxious not to destroy the islands' reputation for

confidentiality. An even more significant threat to the continuing prosperity of the Channel Islands is the need to curb immigration and restrict growth in order to protect the environment and way of life. Efforts are being made to dampen down an overheated economy by restricting the creation of jobs, which is seen to be the key to limiting the influx of people.

Many of the people coming in are considered essential to service the increasingly complex and sophisticated finance industry.

The finance committees of both Jersey and Guernsey believe that there is still plenty of scope for growth through increased comp crization, the more efficient use of resources, particularly manpov and an emphasis on only the most profitable business.

Guernsey's Advisory and Finance Committee recently warned that there were some instinitions on the island employing staff and other resources "without bringing commensurate benefit to the is-

18 P.

"It would be ironic if managements in the finance sector were to turn away repeatedly husiness. which was both sound and profitable, for lack of resources, with commensurate loss to the island's revenue, when valuable resources are being taken up by those who use the island for their convenience while providing little or no

return," the report said. Jersey's finance president, Senator Reg Jenne, has gone to great despite immigration problems, the door is not closed completely and that new businesses and people will be allowed in if they are shown to be of sufficient benefit to the island as a whole.

PETER BODY is the business edi tor of the Jersey Evening Post and associate editor of a sister publica-



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Prudence Guides Bulging Treasury as Bank Sector Fuels Economy

By Peter Body

T. HELIER, Jersey — For many years now, the president of Jersey's Finance and Economics Committee has had a problem at budget time unlike any facing other finance ministers.

His problem has not been primarily trying to raise additional money in order to balance the budget; it has been to try to curb public spending when the budget figures continually show buge surphises. It has not been easy to persuade government departments and public employees to reduce their demands on the exchequer when there is so much money readily

The fact that he does try to force restraint and cantion on the island at a time of prosperity, shows the prudent way in which the financial affairs of Jersey and Guernsey have been handled in recent years.

The warning constantly given by finance presidents is that they have to resist spending too much so that there is enough money to put away for a rainy day when the economy might not be so buoyant. They are well aware that the

major sectors of the economy, such as banking and finance, are vulnerable to outside factors. So far, there is no sign of any downturn, and no place has gained more from the worldwide



expansion in service industries, particularly financial services, than the Channel Islands. Had their economy been based on manufacturing to any great extent, they would have Kingdom and most of Europe.

But manufacturing accounts for only a small percentage of gross national product, while services, particularly banking and finance, are

the mainstays of the econom Whereas other economies with a large manufacturing base have been suffering unemployment of 10 percent or more, Jersey's unemployment is negligible, and it is estimated that there are only about 50 long-term unemployed in Guernsey out of a working population of 28,000.

The population is also generally better off than its neighbors, and the latest available figures show Jersey's per capita GNP in 1985 to be about £7,000 (\$11,200) compared to the

Finance has now overtaken tourism as the most important contributor to GNP, accounting for nearly 40 percent in Jersey and 35 percent in Guernsey, with tourism contribut-ing 37 percent in Jersey and 25 percent in

The exchequers have also benefited greatly from the increasing profitability of financial services. Pretax profits of the banks in Jersey in 1985 amounted to £88 million, or £1,100 per head of population, and £49,000 per employee If the other areas of finance, such as trust and fund management companies, are included, the profit figure was about £120 million. Guernsey's banks are similarly profitable, and produced pretax profits last year of £47 million, or about £800 per capita.

As Guernsey's most recent Economic Report says: "The world boom in financial services has meant that finance sector profits bave been the major contributor to increased GNP. Finance sector profits in 1986 are likely, other things being equal, to yield in excess of £19 million in tax revenues to the States of Guern-sey (about one fifth of the total)."

Although the finance industry is generally blamed for causing excessive immigration, its profitability is also growing faster than the number of people employed in it. In Jersey's case, the number of people employed in the banking industry in 1985 was 9 percent up on the previous year, but profit per employee increased by 17 percent.

The additional tax revenue produced has

enabled both Jersey and Guernsey to finance major capital projects, considering the total population is only 140,000 and the level of vernment services are generally as good if not better than most countries in Europe.

Despite the calls for restraint, the budget approved for this year in Jersey includes revenue spending of £172 million, up £10 million on last year's estimates, with the biggest spend-ing committees being Public Health and Edu-

In addition, a further £28.4 million has been

approved for capital projects, including £9 million toward buying land and building houses, which is considered a priority.

Jersey is also in the process of reclaiming land in order to build a new harbor costing £15 million, and £12 million has just been spent on the island's most complex building, an exten-

sion to the general bospital. Even more could be spent, of course, but there is a marked reluctance to spend more money rather than build up reserves. Thus, Jersey's social security plan, while providing benefits in excess of most of those in the United Kingdom, is strictly a "pay as you go" plan where contributions match benefits and there is only a small amount of topping up

Government departments in Jersey such as the post office, telecommunications and the harbors and airport, are also treated as trading concerns and are given profit targets to meet. Up until recently, they had to pay a commercial rate for borrowing money from the exche-

Even though States' spending increased by four times the rate of inflation in Jersey last year, revenue has also been buoyant thanks to

the finance industry.

Last year's tax yield will probably increase
by 12 percent, and even though record spending is planned, the current president of finance, Senator Reg Jeune, was able to increase tax allowances by more than inflation so that a couple with two children and a total income of £10,000 pay only £360 in income tax in Jersey compared to £1,100 in the United Kingdom.

Even then Senator Jeune was able to put an extra £10 million into a new strategic reserve, and available reserves now total £54 million,

which is still too low, be says. Although Guernsey is less prosperous than lersey, and the finance industry not as large, a similar buoyant picture was painted in their recent budget when the surplus was twice what

This prosperity is shared by industries linked to the finance sector, and the construction industry in particular has been described as the barometer of the economy.

Large areas of both St. Helier in Jersey and Peter Port in Guernsey now resemble parts the City of London, instead of very small provincial towns, as banks and other financial institutions build new beadquarters. Chase Bank in Jersey, for example, has just moved into new offices at a cost of £10 million, and demand for new office accommodation is be-ing reflected in rentals, which almost doubled

This growth is unlikely to continue as attempts are made to dampen the economy and curb job creation, but there are no signs that the Channel Islands bubble is about to burst.

Breadth of Financial Services Is Growing

T. HELIER, Jersey — More offshore funds are run from the Channel Islands than anywhere else in the world, which is a good indication of the tremendous growth in the islands' financial services in

recent years.
Fund management groups, such as Fidelity, MIM Britannia, Save and Prosper, Warburgs and Hambros, manage more than £3.5 bil-lion (\$5.6 billion) of investors money in Jersey, and the Guern-sey figure, which is unknown, is thought to be well in excess of £1

Fund management is only one important part of increasingly wide financial services offered to individual and institutional investors virtually anywhere in the world, and between the two isands, they probably provide the widest range of any offshore finance center in the world.

This has happened only in thepast 25 years, when London merchant banks started to establish offices in the islands to service mainly British clients after the repeal of an ancient usury law that had restricted interest rates to a maximum of 5 percent.

uture

The first to arrive in Jersey was Hill Samuel, which was followed closely by Kleinwort Benson and then the first foreign institution, Royal Trust of Canada.

As the president of Guernsey's advisory and finance committee, Conseiller Roydon Falla - who is the equivalent of minister of finance — noted recently: The number of politically stable offshore centers, with good commu-nications and a sound infrastructure, has been steadily diminishing."

In contrast, Jersey's economic adviser, Colin Powell, said that the reputation of the islands has been enhanced in recent years.

"Where Jersey has advanced most particularly in its standing as a finance center has been through its growing international reputation," he said.

Although Guernsey was a little later on the scene and picked up several institutions that could not get into Jersey, it is now in a simi-

lar position. The services they offer have de-veloped from simple bank deposit accounts in sterling to a comprehensive range of savings and investment accounts in virtually all

major currencies. Because of staffing problems, bankers have had to tailor their services to their staff numbers and not the other way around. Kleinwort Benson in Jersey, for exam-ple, has dropped several less prof-itable retail banking services, such as the issue of travelers checks, and the minimum deposit size has been raised from £1,000 to £5,000.

But there is plenty of this business available, according to the general manager, Richard Le Sauteur, who is also president of the 54-member Jersey Bankers' Asso-

"The impression going around is that Jersey is full, but we are never full, and there is still room for growth, although there has been a shift of emphasis," he said.

Robert Lindell, managing direc-tor of Chase Bank and Trust Company (C?) Ltd., said that they have drawn up plans for well into the 1990s, which abow continuing

A worldwide decline in syndicated loan business has affected Jersey, but as a substitute, the island has been used for a few Euro-

bond issues.

A particular growth area, however, is private banking for what is prosaically called, "high net worth individuals." Most major banks in the islands, such as Citibank, Chase, the Hongkong Bank, Bank-ers Trust and Manufacturers Hanover, now offer private banking

As an indication of the growth in asset protection, the HongKong Bank recently established an international trustee group and chose Jersey as the financial control cen-ter for this global service. Its Jersey trustee company is second only to the one in Hong Kong in

Trusts and trustee services have always been an important feature of the islands' finance sector. There has been increased



Richard Le Sauteur.

growth in this area following the introduction of a trusts law in Jersey in 1984. Guernsey does not yet have a law on trusts.

Jersey trust companies are so profitable that a number of outside financial institutions, such as the Hong Kong group, Jardine Matheson, have recently been birying into local companies and paying up to 10 times annual earn-

Stockbrokers, such as James Capel, Hoare Govett, Sheppards and Buckmaster and Moore, which all have offices in the islands, have widened their borizons following "Big Bang" in the City of London, and James Capel (Jersey) Ltd., has recently announced that it was opening offices in Monaco and Gibraltar to service foreign residents. But because of immigration restrictions, brokers are what business they do in the is-

For example, the Holborn Cur- sub-funds concentrating on differ-

The islands were the first to develop 'roll up' currency funds that converted highly taxed income into lower taxed capital gains.

tial group to offer investment opportunities in leading currencies, is based in Bermuda but managed

in Guernsey. Nearly all of the 30 or so offshore funds investing in U.K. government securities are based in the Channel Islands, with the biggest MIM Britannia's Jersey Gilt Fund, having more than £200 milbon under management.

The islands were also the first to develop "roll up" currency funds that effectively converted highly taxed income into lower taxed capital gains. These were so successful and popular with U.K. residents that the Inland Revenue stepped in and reduced their tax benefits for U.K. investors.

But this did not mark the end of the roll up investors, as some people had predicted, and overseas investors, particularly expatriates, concerned about currency fluctuations or wanting to take advantage of currency movements, have put millions of pounds into these The latest development is the umbrella fund, which was

launched by Gartmore Fund ingly selective about er groups. With a single investnient switching between various tection standards.

rency Fund, set up by the Pruden- ent investment markets. Gartmore's Capital Strategy Fund, as it is called, offers 21 types of investment and has attracted more than \$500 million.

Another interesting development is the choice of Jersey as the headquarters for development capital specialists Berkeley Tecbnology LTd., which recently changed its name to Berkeley Govett after acquiring the U.K. investment group. It has used the island to launch several funds investing in U.K. emerging technology companies, including the first joint venture of its type with a

Jersey and Guernsey funds are not restricted in their investments in the same way that U.K. authorized unit trusts are. However, ac cording to Jersey's commercial relations officer, this does not mean that they are any less strictly supervised.

large U.K. life insurance group.

Jersey and Guernsey are now working on new legislation to protect investors in island-based funds, or any fund with island

This legislation is particularly necessary because of Britain's new Managers in Jersey in 1985 and Financial Services Act, which will since then has been copied by oth- restrict the marketing of collective ment, it allows cheap and conve- those that meet strict investor pro-

The Channel Islands hope that

their laws will provide enough protection to satisfy U.K. authorities so that their funds can continue to be marketed in Britain.

They are also considering what to do when new standards are ap-plied to collective investment

"Jersey's regulatory objectives are and must often remain wider than those of larger countries," Mr. Syvret wrote recently in the Finance in Jersey publication.

The draft Collective Investment Schemes Law, which will shortly go to the Assembly of the States, Jersey's parliament, will prohibit any Jersey-based individual or institution from acting as a functionary of any investment plan wherever it is situated, unless it has permission from the island au-

In the case of a unit trust, both the manager and the trustee would be separate functionaries.

A similar law is planned for Guernsey, which has gone further by establishing a separate Finan-cial Services Commission to supervise collective investment

Peter Body

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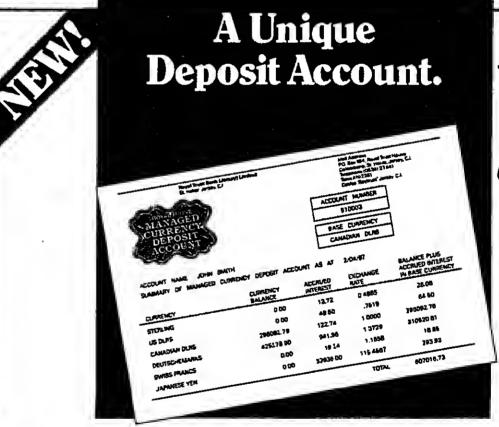
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By Jane McLoughlin

T. HELIER, Jursey — Although Jersey and Guernsey are competitive in many of the financial services they offer, there is no contest in the insurance business. In now it permits only those within

tor generating about £200 million (\$320 million) in annual premiums; in Jersey, it is embryonic and

thought unlikely to develop. It was not until 1983 that Jersey even allowed the incorporation of insurance companies, and even

cession was not aimed at tapping a new source of business but to enable the international financial groups on the island to offer a

complete range of services. On Guernsey, though, insurance has been an important sector

the captive business or involved in third party reinsurance. The contarty in the last 10 years with the dustry. This has pushed Guernsey into the position of the world's third largest offshore insurance center, after Bermuda and the Cayman Islands.

Risk managers selecting a base for captive insurance operations were attracted to Guernsey because it is in the same time zone as London, where the world insurance business centers around Lloyd's of London. And the island offered the advantage of a quick set-up time. A recent newcomer to Jersey from the United States says that setting up an operation in London would take at least one year, but that they were in business within six weeks in Guernsey.

But tax advantages must still have played the greatest part in Guernsey's boom in captive insurance. This is the name given to insurance companies set up offshore by large industrial and commercial companies, primarily to insure the risks of the parent

In Guernsey, if an insurance company is a wholly owned subsidiary of another company and insures only the risks of its parent or other wholly owned subsidiarer the insurance activities of a mu-

Risk managers were attracted to Guernsey because it is in the same time zone as Lloyd's in London.

do third party insurance business as well, the underwriting profits of the two functions are split for tax purposes and the profits from mutual trading not subjected to tax.

The absence of value added tax can also keep down the normal costs in settling claims. Exact figures on the numbers

involved in Guernsey's captive insurance operations are not expected before the end of this year. when the regulatory effects of the 1986 Insurance Business Act will provide fuller information than companies have previously had to provide. Guernsey has had little formal infrastructure in regulating the insurance industry, and the figure of 170 companies is a best guess. But from Jan. 1 this year,

Even when such a company does obliged to register under the new

Late last year, the island states appointed their first supervisor of insurance business to be responsible for administering the new law. As well as registration, this requires companies to meet new reg-ulations over the licensing of companies, capitalization, solvency, approval of officers and managers and inspection of accounts. From now on, insurance com-

panies must maintain a solvency margin of 18 percent for the first £5 million of premium income, and 75 percent must be invested in approved assets. These include equities and Eurobonds as well as bank deposit funds.

These regulations will make statutory a system of checks and balances that Guernsey's insur-

recently, several prestigious captive operations have set up in the Isle of Man rather than Guernsey.

This reflects concern over a possible weakness among Guernscy's strengths in expertise and highgrade professional back-up from advocates, accountants and bankers. The question mark is over the availability of skilled, trained

Many captive insurance companies can operate on a handful of staff, but the large projects like some of those moving to the Isle of Man - which include British Gas, Wimpey and Jaguar — may need 10 times the numbers. With a continuing policy to limit immigration — although this is not as onerous as in Jersey — and pres-sure on manpower available from a growing banking and trust sector, there is a fear that too much essure could be put on the is-

land's finite resources. Guerusey's risk managers and insurance brokers are aware that they have to allay fears that the island has reached saturation point in order to attract continued growth in the captive market. Such companies will continue to seek a risdiction does not force them to comply with all the requirements

tarily, with few obvious abuses, in recognition that its business reputation depends on integrity. But

The lower costs involved (through savings on tax) are also attractive while terrorism and world political instability push in-surance rates higher and higher in some classes.

And the business keeps coming. Sabre International, backed by Middle East and U.S. interests, has recently set up in Guernsey with fully paid up capital of \$10 million. It will concentrate on underwriting aviation business worldwide and will be managed by Transglobe Underwriting Management. The latter already manages Polygon Insurance, whose principal shareholders are the Scandinavian Airlines System, Swissair and KLM. This was originally a captive but now draws 90 percent of its net premium income from third party underwriting.

If Guernsey has been helped in its development as a center for captive insurance because Jersey never entered the race, then it will not suffer now from an increase in competition. Jersey's successful financial center is equally under pressure from lack of resources of trained technical staff. While making the most of existing business is the most obvious way to increase productivity and cope with growth, Guernsey has the insur-

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Tax Haven: Fighting an Unwanted Label lings to attract more retired Brit- 1974. The increase brought dire

By Edward Owen

T. PETER PORT, Guernsey — Official spokesmen in Jersey and Guernsey insist that the islands should not be called tax havens because they have never manipulated fiscal policy to entice off-shore business. Their low-tax economies, they say, have evolved naturally to serve the needs of small — and originally simple —

If the islands have been sought out as refuges for the wealthy and as financial centers, it is argued, this has been due to the tax burdens imposed elsewhere, not to anything done locally, where income tax has been unaltered at 20 percent in Jersey since 1940 and in Guernsey since 1960.

Largely, this claim stands up, even if Guernsey's decision 27 years, ago to drop its standard income tax rate from 5 shillings and 2 pence to Jersey's level of 4 shilons might be seen as a move to become a tax haven.

Recently, too, Guernsey has started giving tax-exempt status to locally managed offshore funds, and in both islands the tax laws have clearly been interpreted in a way very helpful to offshore finan-

Historically, however, the Channel Islands' emergence as fi-nancial centers owed much more to Jersey's abolition in 1962 of a usury law restricting interest rates to 5 percent than to any fiscal contrivance.

The islands' tax structure is uncomplicated. Income tax is charged at 20 percent both on corporations and individuals, regardless of the level of earnings, and there are no capital taxes, death duties or other levies.

Companies can apply to be treated either as controlled within Jersey, Guernsey or Alderney (Sark is a separate entity) with liability to local income tax, or as nonresident, paying only a £500 (\$800) annual fee known as corpo-

The tax was raised to £500 this have urged the authorities to end year after standing at £300 since this by giving nonresident compa-

warnings of corporate business migrating to cheaper jurisdictions, such as Panama, but so far this does not seem to have happened. The decision to raise corporation tax was taken in consultation with the Isle of Man, though that rival offshore center has undercut the

Channel Islands by £50. The feudal isle of Sark, which has no income tax and no company registration, nevertheless, features largely in the Channel Islands' finance business because of the corporation-tax system. To claim nonresidency, companies must have a majority of nonlocal directors and hold board meetings

outside the fiscal area. Sark has proved an ideally convenient location for this purpose, and quite a few of its 520 inhabitants make comfortable incomes by acting as directors and signing

papers for visiting bankers, lawyers and accountants. Many financiers in Jersey and Guernsey are worried about the bad international publicity caused hy this so-called "Sark Lark" and

Two hallowed principles govern Channel Islands budgetary policy: not to raise income tax and not to run into national debt.

Virtually the only negotiable factor is the rate of indirect taxation -- the duties of impôts levied on liquor, tobacco and fuel, which the islands have managed to keep well below the U.K. level.

Reflecting its prosperity, Jersey has been generous with income tax allowances and islanders do better in this respect than their U.K.

A married couple with two children can earn up to £8,800 without paying tax. Guernsey, whose tax rates also apply to Alderney, decided it could not afford to improve allowances in 1984, but was able to do so in the past two years to bring the tax exemption level for a couple with two children to £8,200.

The buoyant tax revenues gencrated by the finance boom -which the islands have repeatedly underestimated — have allowed Jersey to build up a strategic reserve fund over the past two years

nies straightforward tax-exempt of £20 million, bringing total reserves to £72 million.

Guernsey has recently added £5 million to a contingency fund started last year with £2.5 million. The aim of both islands is to have rainy day" reserves amounting to 50 percent of gross revenue expen-

Public projects, such as a cur-rent £16 million land reclamation project in Guernsey or harbor ex-tensions costing £15 million in Jer-sey, are normally financed out of accumulated funds.

Guernsey's Post Office, Tele-Communications Board and Electricity Board are run virtually as

The prudent Channel Islands, which see budgeting for a surplus as a safeguard of independence, seldom have recourse to the commercial money market. One of the occasions is likely to be for a projected electricity cable link between Guernsey and France, where the Electricity Board plans. to seek a syndicated loan of up to £26 million from local banks.

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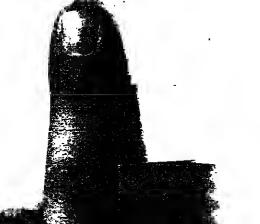
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By Jane McLoughlin

etition

T. HELIER, Jersey — Jersey has no capital gains tax, no wealth tax, no capital transfer tax and demands no stamp duty on the creation of a trust, which can help the wealthy who are subject to some or all of them in their own countries to mitigate their liability.

In the United Kingdom, the Channel Islands have long been seen as tax havens both before

have long been seen as tax havens both before and after death. This is why, before the doors were virtually closed on immigration, a num-ber of wealthy Britons went to live in Jersey. But more recently, with new residents restricted to five members of the "million minimum chb" a year, Jersey has developed a booming business in helping nonresidents protect their assets against tax through Jersey trusts.

As long as one of the minimum two trustees is resident in Jersey, and both the settlor and the beneficiaries of the trust are not, such trusts effectively avoid any tax at all.

At the same time, the trust offers anonymity, useful where declaration of wealth by settlor or beneficiary is required under exchange control regulations (the trust document does not have to be stamped or registered, and the identity of neither settlor nor beneficiary is made public.) But most important of all to the high network clientele that Jersey attracts, the settlor can, through a letter of wishes, effectively retain control over the administration of his sesses. control over the administration of his assets.

Jersey has thus developed a concept of trusts that has introduced the idea to Europeans who, unlike the British, had traditionally made little use of them. The advantage of having assets located in a Jersey trust is that it is not subject to the large of the content of the co to the laws of the country where the settler lives. This is not just in terms of death duties. Some countries, such as Spain, have strict rules on how money should pass to people within families, regardless of the wishes of the deceased. With a trust in Jersey, there is no need for probate; the trust simply continues as be-

In 1984, Jersey introduced its first Trust Law in order to cover the requirements of the British Financial Services Act of 1986 and the European Community's Fifth Directive on Undertakings for Collective Investment in Transferable Securities. This makes statutory standards of administration, which the Jersey Assembly of the States' careful screening of practitioners already met. However, the aim was perhaps more to deal with the "retail" side of trust administration, unit trust and fund

Since Jersey trusts have developed into a convenient way of controlling assets through trustees, there has been a considerable increase in the fund management business. Such a clientele is usually wealthy, for with assets of less

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than £100,000 (\$160,000), the annual fees of about 10 percent invalidate the tax advantages. But the anticipated growth in this aspect of fund management depends entirely on Jersey satisfying the legal requirements for designated territory status so that its unit trust funds are

marketable in Britain and the EC. So far, Jersey has been able to market unit trust funds in Britain by circumventing the regulations in the form of open-ended trust companies, which could have the prospectuses and shares that made them marketable in Brit-ain. But this method of marketing offshore funded companies will be stopped later this year, and Jersey's continuing business depends on being accepted under the new rules. This sector has grown fast through Jersey's

flexible response to the changing demands of

and thus avoid being locked into a particular falling market.

INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, JUNE 24, 1987

Clearly, in such a climate maximizing the potential of unit trusts depends on new techtology. Stockbrokers, many of them branch offices of the famous London names, have moved to Jersey with the advantages of a link with the stock exchange electronic market-place; the merchant banks, and the big international names in unit trusts on Jersey have the latest research information and market movements from overseas headquarters on the wire. The fund management sector depends on ever more sophisticated computer systems and this leads to the universal outcry in Jersey: trained

Indeed, staffing limitations on the island are already creating Big Bang scale pressure on

Jersey has developed a concept of trusts that has introduced the idea to Europeans, who had traditionally made little use of them.

its clientele over the last 10 years, including quite modest individual investors hoping to maximize their capital, as well as the multimillion portfolios. Jersey company law — or lack of it — allowed the development of investment vehicles that could not have been considered onshore under U.K. law. The unit trust sector, for instance, has made much of the running in the creation of new financial prod-

Most recent developments have been the multiclass and umbrella funds. Originally, investors put their money in funds designated in any one of 20 or more different market sectors — bonds, international fixed interest securities. British government stocks and currency funds — and the funds were managed specifi-cally in these sectors. The multiclass system makes it possible to switch between sectors say from fixed interest to equity — without the transfer paperwork that had previously justi-fied a 5 percent charge for each shift.

There is also the tax aspect that switches between funds or companies is liable to capital gains tax in the United Kingdom, but, from paper to paper, it is a conversion within the same fund, so not chargeable. Similarly, the umbrella fund concept enables the investor to switch between sub-funds under the umbrella

salaries and executive searches. The logical progression is probably rationalization of existing services, so stockbrokers, for instance, may eventually extend their financial scope into trustee and fund management services.

Movement toward integration of existing finite resources is dedicated to growth. Growth and survival are the same thing to Jersey unit trust managers. In the near future, they will surely have to offer a round-the-clock service to investors, for instance. They will have to do ing staffing levels. But Jersey's reputation the fund management is based on skill in the art of the possible. this through increased productivity from exist-

"The concept of trusts developed in Jersey is very different from more hidebound financial centers," says Ivor Mills of Royal Trust. "This is because the settlor can still influence the trustees in action they may pursue. While he is legally dissociated from his money, in reality there is a wide interpretation on the realms of proper trusteeship. Our offshore trust market is quite deep and growing, and tends to look for answers to problems in protecting capital. This is clearly tax mitigation, not avoidance. Our industry in Jersey must depend on the

Corporation Taxes

'Sark Lark' Blurs Financial Image

T. HELIER, Jersey — Jersey owes much of its current (and potential) success in competing for the wealthy world's financial business to its clean image. Where scandals have rocked other financial centers - and may even have broshed against Jersey banks by association — they have been scrubbed clean by the policy of the States (governing body) and the private

On this basis, there is a considagainst what many believe damages the purity of Jersey's financial sector image: concern about the system of corporation tax companies concentrated on the so-

called "Sark Lark." There are some 9,000 corporation tax companies operating from Jersey. They are companies regis-tered there, involving initial incorporation fees of perhaps £900 (\$1,440), but they do not trade there. As long as a company is set up and controlled by people outside Jersey, it is not subject to Jersey (or any other) income tax, only to an annual £500 corpora-

tion tax. One of the conditions in operating such a company is that direc-tors are nonresident in Jersey and board meetings are held outside the island. Hence the Sark Lark. Over the years, the custom has grown of recruiting among the 520 residents of the conveniently close but fiscally independent island of Sark for nominal directors of these Jersey-registered corporation tax companies. The earnings of Sark fishermen, hotelkeepers and housewives can be boosted by several thousand pounds a year, with no more onerous duties than signing their name to a few papers and playing hosts at the annual brief token visit of outsiders for the

board meeting. The Sark Lark does not necessarily imply any kind of malprac-tice. If the board meetings were not held in Sark, it would be some where else outside Jersey. It is rather a question of retaining what is ultimately a bit of a sham when Jersey has otherwise left far behind the old association with the tax-haven image. But a 200-page discussion draft of a proposed new company law to be enacted later this year does include a question mark over the future of the Sark

There have been proposals beore to reform the tax system as it ipplies to corporation tax compaues. But these companies provide ersey with considerable revenue rom registration fees and the antual corporation tax, which was ncreased this year from £300 to

The States' economic adviser, John Powell, writes in his annual inancial report on the economy hat "adjusting the present rate of ix, fixed in 1974, for inflation, 'ould suggest a tax of £1,060." It onable, but the feeling in Jersey is cerning the form and contents of

THE REPORT OF THE PERSON AS A PARTY OF THE PER

companies to register instead in Liberia or Panama, with consequent loss of revenue to the Jersey

One way out that has some support locally is for all foreignowned companies, including those registered and controlled in Jersey, to be exempted from Jersey's 20 percent income tax. This would end the Sark Lark, since the corporation tax companies could then hold their board meetings in Jersey, which would boost profits for the island's hoteliers, shops and restaurants.

ut there would be a considerable loss of income tax revenue from the resident Jersey companies that could claim exemption. There are many reasons for incorporating a company in Jersey, even if it is not a corporation tax company, including the speed with which the process can be accomplished, usually within five working days. And income tax revenue lost by exempting resident Jersey companies would have to come from somewhere, inevitably increasing the pressure on Jersey residents already hard pressed to fulfill the growing demands of an expanding financial sector, new technology

and training. Bob Gaiger, Jersey's comptroller of income tax, has said publicly that he does not believe corporation tax companies should be able to have tax-free status and enjoy all the benefits of tax-paying com-panies. But he argued recently that the Sark Lark is a product of the private sector and that the private sector should perhaps put its own house in order and not look to the States for a solution.

The discussion document issued by the States in Angust last year and sent out to interested parties for comment before the new Company Law is finally drafted does invite consideration of measures covering corporation tax compa-nies. At present, though all com-panies have to file annual returns to the Registrar, their accounts do not have to be audited and there is no statutory machinery for these to be filed on any public record.

The discussion document is not very specific at this stage. If the law is enacted, it would mean that the Jersey Court would be given the power to disquality "unfit" di-rectors of companies. The States would have power to make regulations concerning transactions be-tween companies and their directors and disclosure of their transactions to other directors and shareholders where necessary. These measures could perhaps provide closer scrutiny of corpora-

tion tax companies. Comment is also invited on various areas where the States could enact subordinate legislation to regulate the public accountability of companies — for instance, con-

accounts and the qualifications of be when and if the States should or

company law, when it is finalized, will leave open the question of the Sark Lark. The question then will

would enact "subordinate legisla-It is conceivable that the new tion" regulating corporation lax companies that might end the Sark Jane McLoughlin

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Light Industry a Base for Exports

By Willa Murray

T. PETER PORT, Guern-sey — The traditional picture of Guernsey as a holi-day island chiefly concerned with growing tomatoes and flowers has been changed in the past decade.

manufacturers in Britain and the United States as a base for light industry has developed export business that was worth £80 million (\$120 million) last year. Electronics farms accounted for over £63 million of that figure. By comparison, horticultural exports prought in £30 million.

with rising job losses through the er, with a work force of 330, was decline of horticulture, the island has spent more than £1 million in Britain and the United States in a

bid 10 broaden its economic base. The American electronics instrument manufacturer Tektronix, which has been operating in Guernsey for more than 25 years

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seen as the desirable type of plant. The island set out to attract similar, but smaller, units producing high-value, low-volume products that would pose no threat to the

In 1984, a separate government body was set up to coordinate and nonitor the manufacturing sector. The Board of Trade and Industry is responsible for screening applications, smoothing the way for firms that see the island as a potential base and ensuring that suitable sites are available for them.

Local MP David Evans, president of the board, and John Dempster, chief executive of its secretariat, acted as Guernsey's salesmen last year on a week's promotional tour of California.

Their mission followed two to California in 1984 and two to the eastern United States in 1985, all of them hacked by advertising campaigns and media interviews.

Among the direct results have been the setting up of a plant in the island by the California-based electronics company Texmate and a decision by the multinational Nashua Corp. to move its world distribution headquarters in 1985 from Bermuda to Guernsey.

The island's advantages for branch plants or relocation in-clude its 20 percent level of in-come tax on both business profits and personal earnings, low rates on industrial property and a good labor record. The Channel fs-lands' special relationship with the European Community means that they enjoy free trade with the Common Market while being exempt from more onerous provi-sions such as the value added tax.

What incoming business executives particularly appreciate is the absence of red tape and the will-ingness of the island authorities to pull out all the stops to help sort out any initial problems.

There are now about 80 units of light industry, embracing engi-neering, printing, boat-building, textiles, food and drink, furniture and crafts, as well as electronics. The last sector provides the most jobs, but the knitwear firm of Le Tricoteur, a home-grown enter-prise, employs 80 full-time workers and more than 500 home fin-

But now, a manpower shortage has forced the Board of Trade and Industry to tethink its strategy. A proposed campaign in the United States last autumn was cut back. and the board sees its role for the present as a holding operation.



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Growth Fuels Jobs Dilemma

The dilemma is that the already heavily

to service their expanding industries.

populated Channel Islands are committed to

limiting the number of outsiders allowed in

By Edward Owen

T. PETER PORT, Guernsey — The two larger Channel Islands have a problem that many countries would envy; how to fill all the vacancies being created by business growth.

As Jersey's chancellor, Senator Reg Jeune, and his Guernsey counterpart Conseiller Roydon Falla, both agree, the islands are lucky to have such a problem, particularly since only four years ago Guernsey was worrying about rising unemployment due to the decline of its tomato industry.

The dilemma for the politicians, however, is that the already heavily populated Channel Islands are committed to limiting the number of outsiders allowed in to service heir expanding economies.

Slowing down the rate of immigration has been official policy for some years. However, it became a priority issue following last year's ensus, which showed that since 1981 Jersy's population had grown by 5.2 percent to 80,212 and Guernsey's by 4.1 percent to Both increases were well above

expectations, and they were attributed almost entirely to immigration caused directly or indirectly by the financial boom.

The resulting prosperity has enabled the islands to maintain high investment in social services and capital projects and ensure wellpaid jobs for their inhabitants. For example, car ownership is well above the U.K. level. But it has also led to pressure on housing and land and has pushed up wage levels and administrative costs.

In the first four months of this year, housing prices in Guernsey were nearly 40 percent higher than in 1986 and, according to Elizabeth Lincoln, president of the Housing Anthority, young couples are being forced to move to the U.K. mainland because they can

no longer afford to buy locally. The jobs market is showing similar strains since the salaries and "perks" offered by the finance sector cannot be matched by other ousinesses. Guernsey's bus ser-

vices, for instance, have been cut back this summer because the operator could not find drivers.

The poblicians, therefore, must figure out how to slow down the economic machine without putting on the brakes so hard that it begins to backslide.

Controlling immigration is an equally tricky question since the Channel Islands form a common travel area with the U.K. mainland, allowing unrestricted movement each way. This is a centuriesold right that the islands would be loath to jeopardize by imposing, say, frontier checks on U.K. citi-

At present, Jersey is trying to coutrol immigration through housing restrictions and through its Regulation of Undertakings and Development Law. This law was enacted in 1973 specifically to

Broadly speaking, nonislanders can occupy houses or apartments only if they qualify as "essential" unity or are wealthy enough to pay a substantial amount of tax. Both categories are

confined to certain price brackets.

The Regulation of Undertakings Law governs the serting up and expansion of businesses and building development. Following the 1986 census, its provisions are being considerably tightened.

Until now business expansion has been controlled by licensing extra floor space, but the law is to be amended to license staff growth as well. The president of the Jersey Chamber of Commerce, Ian Barnes, warned that this will lead to "significant poaching of skilled



Although the industry has declined in importance, tomatoes are still grown in large quantities on Guernsey.

It has also been agreed that the maximum number of wealthy settiers admitted annually should be reduced from 15 to five and that "essential" employee licenses should increasingly be granted for a limited period only.

Guernsey has only one instrument for controlling immigration from Britain - its housing law. This divides properties into about 1,800 higher priced houses and apartments freely available to nonislanders with the remainder. reserved for local people or those

Guernsey's politicians are awaiting the results of an economic appraisal commissioned from consultants Peat Marwick Mitch

ell before deciding what steps to take to carb immigration.

At one time the island had seemed ready to introduce a regul lation of undertakings law like for sey's, but it has had second. only a recent phenomenon, larly nervous about making any move that might jeopardize eco-

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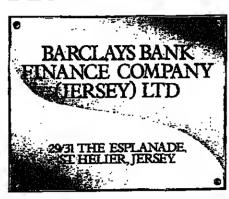
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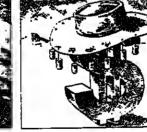








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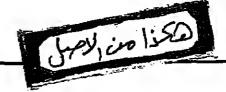
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Jersey.





Left, Adam and Eve in Martha Clarke's ballet; right, detail from "The Musician's Hell" by Bosch.

Animation of 'Earthly Delights'

lives, they are the point of maxi- Tireless pranksters, the creatures in mum stillness. We move They question are of every size and

lemma

one of those paintings to a different all have a part to play. dimension of life? Shouldn't we All the way from the Garden of know them better, enjoy them Eden to a particularly vindictive more, be more intimately a part of version of Heil, Bosch marshals a

Garden of Earthly Delights," the hardt among stage directors. Luis revival now at the Minetta Lane Bunuel among movie makers and garde director Martha Clarke has tone-painting in music. We can poetical sense of that notion. This with Shea Stadium none too large apart from a doctrinal communum single member of Actors' Equity in of the first order, an anthology of fall employment for the first time unprecedented goings-on and a ever. The musical forces required dictionary of antic detail. It could would dwarf those demanded by even be read as a blueprint for the Gustav Mahler in his Eighth Symapotheosis of the automate, the phony. All day and all night would work of art with mechanized and, he none too much for an entertainmovable parts ment that dealt with the subject in

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I SHORE



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have been met.

By John Russell

New York Times Service

Triptych has a cast of thousands, many of whom get into deep trouble bath, as Vincent van Gogh once with them. It also has an animal kingdom as heterogenous as any in the midst of catastrophe." In our that has been set down on canvas. Tireless pranksters, the creatures in stripe, from basilisk to unicorn and But some of them present a terrible temptation. What if they have a
scenographic potential that hammts
scenographic potential that hammts
us? What would it be like to bring
jars and hyperbolical fountains—

range of conceits that would tax the A dangerous notion. But in "The combined talents of Max Rem-Theater to September, the avant- Hector Berlioz among masters of made her own kind of delicate and imagine gigantomania run free, three-part painting by Bosch is, for the basic spectacle and every

> It is Martha Clarke's achievement that she does the job in exactly an hour. She has a cast of 10, musicians included, and some minimal props. Add lighting by Paul Gallo, human aerobatics masterminded by Foy, music by Richard Peaslee and costumes by Joan

foreshorten. Vast episodes vanish the heart of the matter. as if they had never been. Strange

will show how it works. The left-hand panel of the Bosch triptych is But it doesn't do to think of him

The scene has an angelic sweetness world. and clarity, and we see at once that Perhaps it was in the "musicians" Adam has trouble believing his hell" in the concluding section that and clarity, and we see at once that

Holding our breath, we witness the most defies us to find them.

U.S. 'Colorization' Ruling

WASHINGTON — The Library of Congress, which has jurisdiction over copyrights, has ruled that colored versions of black-and-white movies are eligible for copyright protection as "derivative work" under many circumstances.

The decision was a victory for such companies as Turner Broadcasting. which is making a large investment in coloring old films for television

Although the decision does not address the moral or artistic arguments it is a setback for actors, directors and producers who have opposed film coloring on those grounds. Congress has been asked to deal with the question whether coloring might be blocked on moral or artistic grounds. The Copyright Office has published its proposed regulation, and it will be subject to 30 days of public comment before taking effect.

Under the ruling, colored versions of movies could receive copyrights if they "reveal a certain minimum amount of individual creative human authorship and are produced by existing computer-coloring technology, the Library of Congress said. Films will not be eligible for such protection if the tinting "consists of the addition of only a relatively few number of colors to an existing black-and-white motion picture."

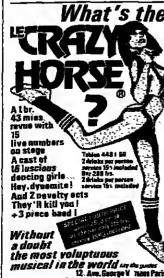
Many prominent film makers have been outspoken in their opposition to coloring and saw the ruling as a blow. "Naturally, I think it's a bad decision, and I think it's something the monon picture guilds will fight." said Woody Allen.

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Greenwood, and the roster of primal scene. "This is how it must Clarke's resources is complete. It have been," we say to ourselves. therefore goes without saying that Adam and Eve don't "danee" she has had to cut, edit, condense, They don't "act." But they give us

That they can do this is owed in pageantries, likewise. Landscapes part to Peaslee's scraphic music, as big as all Kenya had to go The and in particular to the manifold animal kingdom is mostly out to gifts of Stephen Silverstein. For lunch. Bosch's imagination is much of the evening. Silverstein sits curbed, fileted, rebuilt in minia- at the back of the stage and plays one after another of the ancient But it is not lost. Nor is it be- wind instruments that he has not trayed. What Clarke has done is to only mastered but reconstructed work from feeling, and from her with his own hands. With the looks own personal magic, rather than as of a Neptime in retirement, he casts copyist or exegete. A first example an aura of loving kindness over the

relatively tranquil in tone. We see as a passive observer. I cherished Adam and Eve in the Garden of above all the moment at which he Eden. Though not yet acquainted, suddenly sprouted wings and flew they are being brought together by up into the air, high above the the Son of God in person. Behind stage, to intercept an angel who Adam stands the Tree of Knowl- happened to be going his way. And edge, a date palm laden with fruits. what did be do? He took hold of A fountain moistens the paradisiae her foot, kissed it, played a duet with her and returned to earth. All is set, therefore, for the mo- Bosch would never have thought of ment at which our first and univer- that, but Clarke makes us accept it sal ancestors met for the first time, as the most logical thing in the

luck in having acquired so delicious Bosch was longest on feeling, as a companion. In a deft and tinem- well as in sardonic invention. And phatic way, Martha Clarke gives us perhaps it is there that Clarke hews Adam, Eve, the tree, the apple and closest to Bosch and yet is, para-the angels duetting overhead. doxically, most herself. She and her doxically, most herself. She and her The manner in which the apple is forces blow up a storm in which all offered, snatched and eaten is is fire and flame, darkness and strictly of the late 1980s, but in enormity, only to end with a resolugeneral Clarke's touch is timeless. tion that needs no words and al-

> "The Garden of Earthly Delights" could be enjoyed for itself and without reference to Bosch, for Martha Clarke neither leans on him nor goes off on a vanity trip of her own. She is somewhere inside all the great 500-year-old images, like a superintelligent Alice in Wonderland who has walked through the wrong looking glass. The evening may be short, but it expands in the memory and will not go away.

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Kosencrantz & Guildenstern Are Back

By Sheridan Morley rnanonal Herald Tribune ONDON - "Rosencrantz and Guildenstern are Dead" was the play that first made Tom Stoppard's name at an Edinburgh Festival all of 20 years ago; it turns up now at the Piccadilly in a new tourng production by Peter Wilson that seems to have as its main inspiration the casting in the title roles

THE LONDON STAGE

of two celebrated alternative comelians known as the Ohlivion Boys. Stephen Frost, who plays Rosencrantz or possibly Guildenstern, since confusion even about that is at the heart of Stoppard's comedy. and his pariner Mark Arden are an amiably odd couple: Frost is a thick set, halding victim of chronic uncertainty while Arden, rather more bouncily optimistic, provides the random energy that his col-league tacks. As a team they work very well. The problem is that around them Wilson has been unable to construct much of a producnon, Unless (as I saw in a memorahie double at the Stratford Festival in Ontario last summer) you now stage "Rosencrantz" in repenoire with the real "Hamlet," it seems virtually impossible to find a Clau-dius or a Gertrude or an Ophelia or even a Hamlet who will add the correct weight and mystery 10 Stoppard's play since in that they

are such very minor characters. If they are played, as here, like walk-oo extras, then the central Stoppard joke falls apart. Only Lionel Blair as a rightly camp and tacky First Player is able to give Frost and Arden a run for their laughs. As a result the comedy becomes entirely about them, whereas it should also be rooted in the incomprehensible royal events going on just out of their reach around the court. The games of

chance work well enough, and the dialogue remains a constant delight ("If life was a bet you wouldn't take "Elernity is a terrible thought —where's it going to end?"); but in reducing the original sprawling philosophic debate about death and irrelevance to a two-man knockabout vaudeville, something of the script's original power has been well and truly sacrificed.

and somewhat bare stage playing 20 of the characters in Charles hour digest of the book might seem impossibly foolhardy, until one re-calls that Dickens himself used to harnstorm America totally alone and engaged on a very similar task. Now, at the King's Head in Islington, Dilys Hamlett directs Helen Bourne, Susan Bovell, Jonathan Stephens and the former Olympic ice skater John Curry in Stephen Jeffreys's excellent lightning guide to the story of Coketown (a lightly disguised Preston) and its inhabitants, a story dismissed in the 1850s for its "sullen socialism." hut emerging here to resemble nothing so much as a D.H. Lawrence saga lightly flecked with the sentimentality of Louisa May Alcott. A quartet of versatile players, even when managing to look crowded on a stage like this, still have trouble representing the industrial might of Coketown: Rebellious union meetings look like uneasy cocktail parquietly and unobtrusively staged ties, and Curry is vastly better at after the fireworks of "Hamlet" suggesting Gradgrind's pallid son that its lasting image is simply the than the overbearing fact-finder radiant plainness of Miss Goranhimself. If, however, you know the zon, a young Ingrid Bergman of book, and like the idea of a fast-haunting emotional power. forward review of its highlights, or if you can't face reading it but fear

To have four actors on a small

Ingmar Bergman's second offering to the National Theatre from the Royal Dramatic Theater of Stockholm was a "Miss Julie" principally notable for its restraint after the massive liberties he took with "Hamlet" a few nights earlier, Peter Stormare again played a central role, the valet Jean, but in total contrast to his Prince of Denmark this was a performance strictly limited by its text and indeed almost self-effacing in relation to the prop-erly arrogant title-role playing of Marie Goranzon, Bergman clearly believes that Strindberg, unlike Shakespeare, can be left to look after himself without any drastic rethinking by the director, and many that the play is apt to get as and narrative drive that is often what we therefore got was a faith-lost as the missionary lady. Apart threatened by its habit of going off ful, faintly balletic rendering of the from the two reporters (Robert Uratific at frequent if usually intriguing di-

that you may one day be chal-

lenged on its main events, then this

may prove a useful theatrical sum-



Stephen Frost, Rosencrantz, Lionel Blair, First Player, and Mark Arden, Guildenstern.

tale of sexual revulsion, but one so

At the Royal Court, Dusty Hughes's "Jenkin's Ear" is a political thriller set in a small central American country which, though unnamed in the play, could well be Honduras. There, an Englishwoman working for Christian Aid has been abducted and possibly murdered; in search of the facts comes an old friend, a journalist who, though given a different stage name, bears a certain resemblance to the late James Cameron in his craggy, quirky weary integrity. A rival journalist of a very different peneration is also on the scene. however, and (in a faint though vastly less comical echo of Michael Frayn's "Clouds") the struggle between the newsmen to get the story also becomes a battle about the ethics of journalism itself,

below-stairs tragedy. Again it was a quhart in fine, shambling form as alectic tangents.

the shaggy Cameron figure, and Nicholas Grace as the sharply ambitious opportunist from The Times), we are also introduced to an amiably cynical priest (Alfred Molina) who seems to have drifted in from a minor Graham Greene novel, plus British and American amhassadors of considerable selfinterest, not to mention the drugaddicted daughter of one of them, and a highly sinister local business-

Hughes has a moral or political issue to raise with each of his char-acters, and it is usually concerned with corrupt occupation, whether of whole nations or merely of people's lives. "Jenkin's Ear" is about American political colonization and English diplomatic and journalisme uncertainties, but in the end it settles into a vastly more simplistic cliffhanger about whether the missing lady will escape or die, and to what extent her fate will be determined by the honor of jour-

It is some tribute to David Hayman's brisk production that the There are other moral debates at thriller is kept alive long enough to the heart of this script, at times so give the play surrounding it a shape

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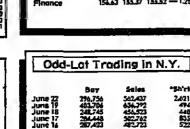
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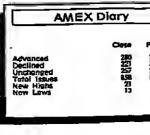


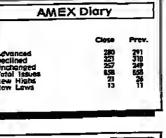
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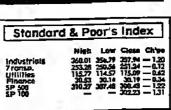
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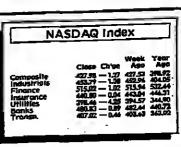
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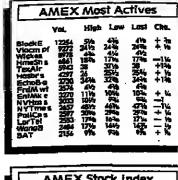








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Dow Posts First Loss in 2 Weeks

NEW YORK — Prices on the New York
Stock Exchange coded lower Tuesday for the first time in more than two weeks as weakness in the dollar and bond markets triggered profit
Rothschild Holdings Inc. "We were overdue for some form of profit-taking."

Jim Andrews, a vice president in charge of institutional trading at Philadelphia-based Janney Montgomery Scott Inc., said that activity taking and futures-related sell programs.

Trading was active. The Dow Jones industrial verage, which rose 24.66 points on Monday to hit its third consecutive record, fell 5.78 points on Tuesday to 2,439.73. It was only the Dow's fourth setback this mooth.

Broader indexes also retreated. The New York Stock Exchange composite index lost 0.55 pointto 172.22. Standard & Poor's 500-stock index dropped 1.22 to 308.43. The price of an average share slipped 13 cents.

Declines led sdvances by about 4-3. Volume was about 194.2 million shares, up from 178.21 million on Monday. Prices fell off before midday with the appear-

ance of some futures-related sell programs that kicked in when the dollar started to ease. But most traders and analysts agreed that the market is likely to continue its advance at least for the next week, with investors viewing any pullback as an opportunity to return idle cash to

equities before the end of the second quarter. Many big investors sold stocks and raised cash in the weeks leading up to the economic summit meeting in Venice earlier this month and the "triple-witching bour" Friday, and many are oow feeling pressure to reinvest those assets, analysts said.

"After 11 days of moving straight up, the law of probabilities says there will he" a reaction, said Robert Ritter, a technical analyst with L.F.

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continued to center oo the large-capitalization stocks favored by money managers and other big investors.

"All the news is still pretty good," Mr. Andrews said. "Inflation is no longer in bloom interest rates are trending down, and this latest bit of news was pretty good. There was a lot of window-dressing going on here."

Peter Furniss, a managing director in the listed trading department at Smith Barney, Harris Upham & Co., agreed with this assessment. "The high-priced stocks" are "an area where you can spend a lot of money quickly,"

But he added that the market was "still hostage to the dollar, when the dollar falls off, so do

AT&T was the most active NYSE-listed is sue, losing 14 to 281/2.

Dayton Hudson followed, falling 1 to 53. The retailer his 8 high of more than 57 this morning when it was reported to have received an unsolicited \$70-a share takeover bid. The offer was later found not to be boos fide.

IBM was third on the actives list, gaining 15 to 164%.

Gillette fell 4 to 39 in heavy trading. The Boston based maker of personal care products has rejected a \$4.6 hillion acquisition bid by Revioo Group.

Sts. 100s High Law

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MADISON AVENUE

Agency Sees a Revolution In Link to Movie Company

By PHILIP H. DOUGHERTY

New York Times Service

EW YORK — A new entertainment unit set up by McCaffrey & McCall to serve the needs of United Artists Corp. will revolutionize the relationship between movie production companies and ad agencies.

According to McCaffrey & McCall Entertainment and to Andrew Fogelson, president for marketing worldwide at United Artists, the agency and United will have a "true marketing partnership," with the agency making a creative contribution on every United movie.

to increase profits

without increasing

marketing funds.'

This relationship is unusual, the client and agency agree, because the advertising for most movie production com-panies is usually done by Hol-'We have been able

lywood's boutiques and creative free-lancers. Norman S. Freedman will be chairman and chief executive of McCaffrey & McCall Entertainment and Daniel Stern will be president and creative director.

l'imma

Mr. Freedman said the agency had prepared to start the new unit by gathering marketing information on movies. It developed data on 440 variables affecting profit and fed it all into a

"As a result, we have been able to increase profits without increasing marketing funds," Mr. Freedman said.

David B. McCall, chairman of the parent agency, a Saatchi & Saatchi company, said, "I think we are going to revolutionize the

And Mr. Fogelson said, "I think they were the first to do an analysis and come up with a process to help improve our business

in a very dramatic way.' He said that starting July 31 with release of a new James Bond film, "The Living Daylights," United Artists plans to bring out eight features in the next 12 months and then go to a 10-film-a-

Bozell, Jacobs, Kenyon & Eckhardt was invited to the Third World Advertising Congress in Beijing to present a campaign for a fictional product to 2,000 guests at the Great Hall of the People. Instead, the four-man team headed by David Bell, the vice chairman, presented a highly polished campaign for an actual product. Chinese silk, and how sales could be stimulated in the United States. The presentation went so far as to include consumer research and copy testing. Afterward, an official of Chinese National Silk Corp. was impressed enough to invite the agency delegation to his office.

For the first time, Chrysler Corp. has appointed an agency specializing in advertising to minority markets. It is Lockhart &

The agency will do both corporate and product advertising, and the budget will be in the millions of dollars.

For advertising to the Hispanic market, Lockhart will use the

services of Montemayor y Asociados in San Antonio, Texas. General Motors Corp. uses Mingo Jones for minority advertising and Ford Motor Co. has the Uniworld Group.

People

• Robert H. Levenson has been squeezed out as chief creative officer at Saatchi & Saatchi Compton. The title was eliminated when his firm merged with DFS Dorland to form Saatchi & Saatchi DFS Compton. Both agencies are owned by Saatchi & Saatchi PLC of London.

Barbara Boyle has been appointed senior vice president at Ted Bates Worldwide.

• Ripley Odell has been named promotion director of Life

James R. Blocki, vice president at Kraft Inc., has been elected chairman of the American Advertising Federation.
 Deborah K. Heineman has become promotion director in the United States for Reader's Digest.

Currency Rates

Closines in London and Zurich, fixings in other European centers. New York rates at 4 P.M.

Interest Rates

Dayton Soars on 'Offer'

But Falls Back as **Bid Proces Bogus**

The Associated Press NEW YORK — A Cincinnati stock analyst made a bogus \$6.8 billion buyout offer on Tuesday for Dayson Hudson Corp., setting off wild gyrations in the retail giant's

The analyst, identified as P. Da-vid Herrlinger, later was fired by his employer, Capital Management Corp., and was taken for medical

Mr. Herrlinger called Dow Jones News Service early in the day to announce the \$70-a-share buyout offer for Dayton Hudson, according to Anthony Covatta, a neighbor who was acting as Mr. Herrlinger's

The Minneapolis-based retailer has been the target of takeover speculation for weeks, and news of the offer caused a sbarp rise in the

company's stock price.

Shortly after the report, the stock jumped \$5 from Monday's New York Stock Exchange closing price,

Trading was halted in New York after the reports, but resumed after about 90 minutes. The price began sinking as traders became suspicious about the offer. The stock closed at \$53, down \$1 from Mon-

Dow Jones, a financial service that is read by thousands of stock traders and other Wall Street professionals, later reported that the offer might not be bona fide, and Mr. Covatta confirmed it several

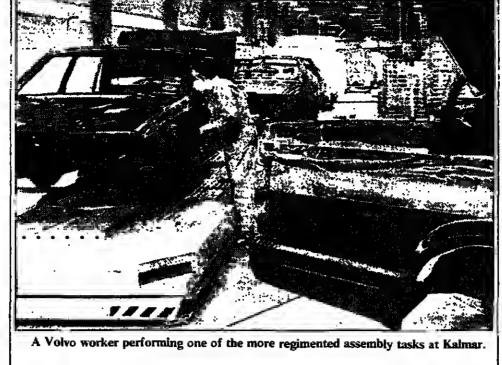
Mr. Covatta said Mr. Herrlinger, who be estimated was in his mid-40s, was taken to a hospital by his wife for an examination.

Mr. Covatta said Mr. Herrlinger "is not well today," but he did not know what might be wrong with

"It's just a terrible shame that this thing got out on the wire this morning," said Mr. Covatta, who is an attorney in Cincinnati,

Mr. Herrlinger had told Dow Jones that he represented Stooe Inc., which he described as a Cin-

See DAYTON, Page 11



Volvo Sweeps Tedium Off the Floor

Quality Rises as Teamwork Supplants the Assembly Line

By Sreve Lohr New York Times Service KALMAR, Sweden — In a novel plan based on concepts pioneered at its 13-year-old plant here, Volvo AB plans to jettison the assembly-line approach, in which each worker repeats the same task bundreds of times each day.

If all goes well, workers at a \$315 million plant under con-struction on Sweden's west coast will be organized into teams, each of which will ultimately as-

semble a complete car.
"I want the people in a team to be able to go home at night and really say, 'I built that car,' " said Pehr G. Gyllenhammar, Volvo's chairman. "That is my dream." The oew plant at Uddevalla is scheduled to open in 1988. At its Kalmar facility on Swe-

den's east coast, Volvo has been moving gradually away from assembly-line manufacturing.

The cars being built here are ferried around the plant by separate computer-controlled carriers. Work teams of about 20 people are responsible for putting together entire units of the car, such as the electrical system and

does a series of tasks.

Virtually all of the plant's 104 white-collar employees began on the shop floor. All major decisions at the plant, which has a

For a worker to feel involved with the product, he should be responsible for the work."

> — Leif Karlberg, the plant's manger

work force of 920, must be approved by a joint committee represecting both labor and man-

Volvo asserts that the team approach to car assembly has raised employee morale at the plant and has sharply improved both productivity and quality.

Quality is monitored by the

the engine. In this batch-work system, each worker typically workers and tracked by a central computer. Any problems can be computer. Any problems can be traced to a work team or to an individual in 20 minutes to two hours. It can take up to two weeks at plants elsewhere in the industry.

"I can go out and say, 'Sven, you forgot this and this,' ' said Leif Karlberg, the plant's general manager. "It's not a policing tool, because most of the feedback the workers get from management is positive. But for a worker to feel involved with the product, he should be responsible for the work."

Volvo is preparing to push the principles developed at Kalmar even further at its new Uddevalla

"Uddevalla is the next challenge," said Roger Holtback, president of Volvo Car Corp. We will do away with the assembly line concept altogether."

The Uddevalla plant is still evolving in long consultations between management and workers about procedures, design and organization. The essence of the Kalmar batcb-work approach is

See VOLVO, Page 13

is a single, fundamental principle: the protection of depositors' funds.

then, that this pursuit of excellence results in considerable advantages

It should come as no surprise,

U.S. Prices Rose 0.3% in May; **Orders Dipped**

WASHINGTON — U.S. retail prices edged up 0.3 percent in May. he smallest increase this year, as a slowdown in energy prices partly offset sharply higher food costs, the

Labor Department said Tuesday.

The increase in the department's Consumer Price Index, equivalent to an annual rate of inflation of 4 percent, also represented a slowdown in the pace of rising prices. following increases of 0.4 percent in each of the preceding three

Meanwhile, orders for durable goods, those items expected to last three or more years, edged down 0.1 percent in May, the first decline in four months, the Commerce Department said. The decline was led by a 13.1 percent drop in orders for military goods. Excluding this volatile category, durable goods orders rose 1.4 percent last month.

The May consumer price increase was the smallest monthly rise since a 0.2 percent increase last December. The figure belped underscore the view of many economists that inflation will not increase sharply through the rest of

the year despite the large decline in the value of the dollar. Largely because the lower dollar has raised import prices, the monthly consumer price rises for 1987 have pushed inflation to an annual rate of 5.6 percent, up from

1.1 percent last year. But the dollar in recent weeks has begun to stabilize on foreign exchange markets. At the same time, economic growth throughout the industrial world remains sluggish, limiting the demand for goods

and thus dampening inflation.
Food prices led the May price increases, up 0.6 percent after a 0.3 percent rise in April. Grocery store prices registered their biggest increase since last August, 0.9 per-cent. The price of beef rose 3.1 percent, offsetting a 0.3 percent fall n poultry prices.

Gasoline prices, still rebounding from last year's fall in world energy prices, were 0.4 percent higher in May, following a 0.7 percent rise in April. The gasoline price increase was the smallest so far this year. The 0.3 percent rise in automo-

Durable goods orders totaled \$106.9 billion last month, down This 0.1 percent dip was the first decline since a record 9.8 percent

Orders in April had risen 0.7 percent, revised upward from the previously reported 0.1 percent. The 1.4 percent rise that exclud-

ed military orders followed a re-vised April fall of 0.3 percent, originally reported as a 0.9 percent (AP, UPI, Reuters)

Swiss Top List Of Per Capita GDP, Bank Says

GENEVA — Switzerland outranked the United States, Japan and other major industrial nations in per capita economic output in 1986, Union Bank of Switzerland reported Tues-

day.
Switzerland's gross domestic product totaled \$20,437 for each inhabitant, the bank said. GDP is the total value of goods and services excluding income

earned abroad. In a list compiled by the bank, the United States placed second, with \$17,255 a person, and Japan third with \$16,213. Other countries, listed in order, were Sweden (\$15,868). West Germany (\$14,651). Fraoce (\$12,882), Austria (\$12,450), The Netherlands (\$11,800), Bel-gium (\$11,212), Italy (\$10,469), and Britain (\$9,654).

In national spending, Switzerland ended 1986 with a budget surplus equivalent to \$1.1 billion. The others all posted deficits, with the U.S. deficit of \$220.7 billion by far the largest.

The bank cautioned that

comparisons in U.S. dollars were strongly influenced by the decline in the dollar against

IF YOU PURSUE EXCELLENCE, ONLY ONE BANK CAN KEEP UP.

The dedication to excellence of Republic National Bank is a natural outgrowth of the strong beliefs of its founder and principal shareholder, Edmond J. Safra.

Republic is firmly committed to such sound, traditional banking practices as



For Republic National Bank of New York, the relentless pursuit of excellence has achieved nothing less than excellent results.

Republic has grown to be the 11th largest bank in the United States, in terms of shareholders'equity.

It is active in 19 countries important banking centers of London, Luxembourg, Milan, Paris, Hong Kong, Singapore, Montreal, Tokyo, and of course. New York.

The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes. Underlying every aspect of Republic National Bank's pursuit of ex-



advantage of opportunities to

our commitment. If that is

bank, call us today at our

something you expect of your

Luxembourg office (352) 470711.

The pursuit of excellence is

on a global scale.



REPUBLIC NATIONAL BANK OF NEW YORK

A SAFRA BANK

NEW YORK - MIAMI - LOS ANGELES MONTREAL LONDON PARIS LL'XEMBOURG MONTE-CARLO MILAN GIBRALTAR GUERNSEY HONG KONG SINGAPORE TOKYO PANAMA NASSAU BUENOS AIRES-SANTIAGO MONTEVIOEO CARACAS MEDICO CITY PUNTA OEL ESTE RIO DE JANEIRO SAO PAULO

FIGURES AS AT DECEMBER 31, 1986: TOTAL ASSETS: US \$ 16.8 billion SHAREHOLDERS' EQUITY:

US \$ 1.6 billion

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Company Results

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Currency Options

NYSE Highs-Lows NEW HIGHS 88

AMEX Highs-Lows NEW LOWS 12

Shearson Agrees to SEC Censure For Violations on Clients' Stock

NEW YORK - Shearson Lehman Brothers coosented Tuesday to a censure by the Securities and Exchange Commission for violating securities laws involving the use of customers' stock, the SEC said.

Without admitting or desying it was guilty of the violations. Sbearson agreed to adopt internal reforms to prevent future similar violations.

The settlement also requires independent public accountants to review Shearson's operations twice a year to determine whether inade-

quacies exist in its procedures.

The SEC charged that from Nov. I to Nov. 8, 1985. Shearson failed to obtain or maiotain physical possession or control of all its customers fully paid and/or excess margin securities. The SEC alleged that Shearsoo unlawfully used customers' securiues primarily for stock loans, including \$69 million on Nov. 4 alone.

TF1's Owner Warns **Investors About Sale** The Associated Press

PARIS - The head of France's TF1 television network has warned investors against the upcoming public sale of the government's 50 percent share in the station, saying Freech television will have a troubled future. Francis Bouygues, who also heads Bouygues SA, Europe's leading construction group, called

on the Chirac government to review its policy on television advertising which he claimed favors state-owned television networks and penaiizes private channels.

Mr. Bouygues said that potential investors "should be aware that they are investing their "TEL to maintain." confidence in the capacity of TF1 to maintain

electronics companies. NCR said the new system could cut weeks or mooths off design time, especially in the area of application-specific integrated circuits, which are computer chips tailored to the specific oeeds of users.

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1,110 1,138 1,160 1,210 1,240 1,260 50 tens 1,252 1,269 1,254 1,314 1,330 1,330 1,360 1,200 1,240 1,260 1,270 1,285 1,290 1,300

1.60 1.30 0.24

NCR Program Speeds Chip Design The Associated Press

Paris Commodities

DAYTON, Ohio — NCR Corp. unveiled a new computer program Tuesday that will allow engineers to design custom computer chips more quickly by using artificial in-

NCR's "Design Advisor" pro-gram is a result of work in artificial intelligeoce by Microelectronics & Computer Technology Corp. of Austin, Texas, which was formed as a research consortium in 1982 and now is owned by 20 American

1,319 1,305 1,306 1,307 1,229 1,230 1,332 1,316 1,317 1,349 1,235 1,336 1,368 1,354 1,356 1,386 1,370 1,353 1,403 1,367 1,368

London Metals

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Spot **Commodities**

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DM Futures Options A00 187 177 177 178 178 178 178

More Car Imports Expected in China

BEIJING — China spent \$960
million on foreign cars from 1981
through 1985; and sach heavy
spending is likely to continue because of the country's west doinestic automobile sector, according to
the official Yinhua news agency

4 million cars annually to meet de-

US. Treasuries To Our Réaders — S & P 100 index option prices were not available in this edition because of transmission delays.

Previous 1,011.90 f 1,602.20 122.72 223.06

Lloyd's Boosts Rates For Shipping to Kuwait

the official Xinhna news agency, insured value from 0.375 percent, insured value from 0.375 percent, industry sources said Tuesday.

Official on Menday as saying that by the year 2000, China would need tack on an oil tanker in the Galfaction of the say also

mand. "If we don't improve our has increased since the United own automobile industry, more States said it would protect Kutars will have to be imported; he wait shipping and reports surfaced said. said.

Chinese plants, which make the Gulf War zone. A rate of 0.25 mostly jeeps, and tracks are plant percent has been retained for vesning to produce about 365,000 vesiels going to Gulf states besides kiwait, Tran and track.



ه کذا من الاصل

Olivetti Sees Lower Net Profit for '87

By David Brown Special to the Herald Tribane

ail Service

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= 1

IVREA, Italy — Olivetti SpA, the Italian computer and office products group, will post a decline in consolidated net profit this year after nine years of uninterrupted

AG, group sales inched ahead 1.8

It was the company's first active street and the company s earnings growth, its chairman, Car-lo de Benedetti, predicted Tuesday.

first five months of this year from 2.55 trillion lire in the comparable de Benedetti warned shareholders period of 1986. that Olivetti's North American per-

Excluding revenues from Trisonal computer sales would plumumph Adler, which Olivetti acmet this year to fewer than 40,000 met this year to fewer this year to fewer than 40,000 met this year to fewer than 40,000 met this year to fewer this year this year to fewer this year to fewer this year to fewe lo de Benedetti, predicted Tuesday.
Olivetti reported group net profit of 565.5 billion lire (\$4.27 million at current rates) last vear

at current rates) last year.

The company said that group revenues, including sales by its new Triumph Adler typewriter unit, fell 2 percent to 2.49 trillion lire in the

beginning to hurt its earnings. AT&T took a 23.5 percent stake in Olivetti in October, wheo the two companies agreed to form a 10-year alliance in which Olivetti would develop and produce AT&T's personal computers for the U.S. market.

Mr. de Benedetti said that Volkswagen had agreed to shoulder unspecified Trumph Adler losses this year in excess of the 50 to 100 billion hra that Olivetti plans to

It was the company's first ac-

appointing alliance with American

Telephone & Telegraph Co. was

■ Unveils New Computers

Olivetti said, meanwhile, that it would launch a major line of new personal computers using the powerful Intel 80386 chip, as well as software and other products, in the third and fourth quarters of this year, Reuters reported. The new PCs are compatible with previous

It said it would offer three versions of the new M-380 for the higher end of the PC market. It said that the M-380 was suitable for use in local area networks or as a standalone PC for applications needing high processing power and speed.

It also unveiled the M-280, a midrange model with higher power that expands its current M28 and M-28SP product lines.

Officials declined to give price ranges of all the new machines, saying they would be determined in

Joint Venture Aims to Track Vehicles in Europe With Satellite by 1991

By Axel Krause gional Herald Tribune

PARIS - France's space ageocy and a group of West European and U.S. companies and banks have established a new satellite communicacions service that can locate trucks, railroad cars, small aircraft and boats with an accuracy of 100 meters

The proposed system, called Locstar, is not scheduled to be in operation before 1991, executives involved in the joint venture said Monday.

The system will be based oo ucensed technology of Geostar Corp., a Washington-based telecommunications services company. Geostar, which was established

in 1983 and has taken a 15 percent share in the venture, has been testing such a satellise communications service for the Maine Central railroad in New England.

The partners have agreed to capitalize the French-registered company at 400 million French francs (\$65 million), but total investments will reach 700 million francs. said Daniel Hernandez of the Centre National d'Etudes Spatiales, the French oational space study group that will head the joint venture. CNES has taken the largest stake, at 34 percent.

We have received wide expressions of interest from truck fleet operators throughout Europe and railroads, primarily the SNCF," the French state-owned railway.

declined to comment further.

Dayton Hudson.

stake in the retailer.

general retailers.

FUTURES &

OPTIONS ON

Richard Miller, president of

Capital Management, said he fired Mr. Herrlinger after overhearing

him link the firm to the offer for

Hudson, which has said it wants to

remain independent, was asking

the Minnesota legislature to tough

Dayton Hudsoo last week dis-

closed that Washingtoo-based

Dart Group Corp., a discount re-

tailer, had acquired a "substantial"

Dayton Hudson has about 97.4

million common shares outstand-

ing. It is one of the nation's largest

OPTIONS ON FUTURES BLIC FUTURES BLIC FUTURES BLIC FUTURES BLIC FUTURES CORPORA SOLD CORPORA SILVER CORPORA SILV

INSTRUMENTS

\$15 for trades exceeding 250 contracts per calendar month.

en the state's anti-takeover laws.

The reports came as Dayton

10 years.

ernment approval and radio frequencies in in and around urban centers. European countries, as well as a slot on Europe's Ariane satellise launcher.

rates of about \$45 for each truck or train. Some high-speed passenger trains in Europe are equipped with radio transmission equipment, but they are used only on heavily traveled routes.

Market studies have projected that Loc-star could have up to 800,000 users within by Western European truck operators, but Mobile radios also are io widespread use such radios, linked to land-based commu-The program will depend on getting gov-nications equipment, can only be operated

Locstar's other partners include MAN. the West German truck manufacturer; Mr. Hernandez said that the key markets STET. Italy's state holding company for - some 300,000 long-distance trucks and telecommunications and electronics; Ma-40,000 trains circulating throughout West- tra SA. France's state-owned arms and ern Europe daily — could be hooked up to electronics company; the communications the proposed service. The cost to customers affiliate of SNCF and the French banking would be based on Geostar's monthly U.S. groups Banque Nationale de Paris. Compagnie Financière de Suez and Société Générale. They also include communications equipment and computer software companies in Denmark, Italy, the Netherlands, Norway, Sweden, and Ireland.

Court Ruling Seems to Boost Harcourt's Fight Against Bid

NEW YORK — A Florida judge as a result of the recapitalization. has ruled that bondholders of Harcourt Brace Jovanovich Inc. have ible into common stock. the right to convert their deben-fewer shares than they hoped to

control of Harcourt

Sources said the bondholders -which include Robert Maxwell, the Judge Fredrick Pfeiffer of Or-British publisher; Salomon Broth- ange County Circuit on Monday ers, the U.S. securities firm; and Mutural Shares, a mutual fund -

month from Mr. Maxwell's British Printing & Communications Corp. and announced a recapitalization designed to thwart the takeover. Monday's ruling clears a major

The bondholders were hoping to tures to common stock, but for far convert their holdings at a share price of \$1, meaning that each of the debentures, which have a face Had the bondholders prevailed, value of \$1,000 a piece, would have they would have obtained voting been converted to 1,000 shares of stock, sharply increasing their stakes in the company.

gave the debenture holders the right to convert the debentures, but would probably appeal.

Harcourt, a U.S. textbook pubsher, rejected a \$2 billion bid last

Salomon Brothers own set a \$10 share price by taking an

Salomon Brothers owns 21,978 debenures, which it sought to convert into about 22 million shares. giving it around 36 percent of Harcourt's stock. On Monday, Mntual Shares dis-

obstacle to the recapitalization closed that it held 11,200 debentures, which it sought to convert to When it agreed to pay a \$40 cash dividend to shareholders as part of (NYT, Real NYT, R

DAYTON: Bogus Bid Sways Stock men for Daytoo Hudson said the (Continued from first finance page) company had received no offer and

cinnati-hased private investment Mr. Herrlinger later was identified as a portfolio manager at Capi-

tal Management The New York Stock Exchange said it would conduct an analysis of price and volume changes in Day-

ton Hudson stock surrounding the various reports to determine whether any securities laws had been broken. In addition to the action in New York, at least 72,200 shares of the

Stock Exchange at prices in the low Another block of 131,500 shares traded in the national over-thecounter market at \$63, which was the high for the day.

stock changed hands on the Boston

Marathon Agrees to Sell Unit in West Germany

Following the reports, spokes

FINDLAY, Ohio - Marathon Oil Co. said Tuesday that it had agreed to sell its West German refining and marketing unit to OMV AG, the Austrian national oil com-

Marathon, a USX Corp. subsidiary, did not disclose the terms of the sale, of Deutsche Marathon Petroleum GmhH.

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HACHETTE

HACHETTE S.A. GENERAL ASSEMBLY **OF SHAREHOLDERS**

JUNE 18, 1987

The ordinary general meeting decided to issue a dividend of F.Fr. 24.50 for the 1986 fiscal period.

Chairman's address

trading results reached a record level, amounting to F.Fr. 215.7 million prior to appreciation and depreciation, and to F.Fr. 405.8 million following adjustment. These results were achieved notwith standing the very high level of investment over this trading period, in particular the ocquisition of o mojority shareholding in Europe 1 Communication as well as numerous developments and acqui-

Secondly, the share of foreign sales rose by 33.2% an the previous year, bringing this to 35.2% of total Group turnover. Penetration of "Ele" in the United States, acquisition of Curtis, secondlargest American news magazine distributors, and — jointly with the Groupe Bruxelles-Lambert — toking control of and revitalizing the Belgian company Editions Dupuis, Europe's leading pub-lishers of comic strip books: these were the most distinguished milestones in the development of our international activities during 1986.

Thirdly, 1986 saw Hachette become o fullfledged, audio-visual group. Although the most obvious manifestation of this has been the takeover of Europe 1, one should also draw attention to the success of major television seriols produced by Tele-Hachette, as well as motion pictures from Hochette Première, some of which received awards in the United States and at the Cannes Film Festival. In total, oudio-visual business accounted for a sales figure of F.Fr. 1,5 billion in 1986, just over 10% of consolidated Group turn-

These impressive achievements, however, should not distract from our successes in more traditional fields of activity, such as book publishing which enjoyed its usual harvest of literary prizes, or the Hachette Education operation in making remarkable advances in its market sector, or "Télé 7 Jours", "Première", and "le Journol du Dimanche" breaking new circulation records,

1986 has been a year of achievement for Such flourishing results testify to the dynomism of o Group at the top of its form in all its spheres of activity. Already, 1987 promises to be o year for breaking new records both in France and abroad, and in both trading results and profits.

One cannot refer to the beginning of 1987 without mentioning the competition surrounding the privatization of TF1. Only the future and the emergence of results will tell wha was right those who were disappointed, or those who were relieved to have avoided an onerous, costly and risky undertaking. Nevertheless, we feel that nothing these days is permanently fixed on the French or European oudio-visual scene, and that Hachette will unquestionably be playing a major role in this area in the near future.

Above and beyond this venture, there still persists our multi-media strategy with on eye to the 21st century; a strategy of investment in books, the press and the audio-visual field; a strategy of participation in every facet of the culture of our ime. We remain market leaders in France and are now determined to become the market leaders in Europe.

Bearing in mind this new phase into which we ore entering, implying as it does tough competition, and where the front-line troops will perhaps be under greatest threat, I have developed on intensified and streamlined company structure which is already operational. The authority and responsibility of the Operational Groups will be increased, at the same time as reaffirming and strengthening the presence of Group General Management. Every individual in his or her field of activity, whether it be in books or the press, in audio-visual or distribution activities, will contribute to the development of the Group in France and throughout the world by cultivating at the same time that indispensable element which is their human capital, and by giving priority to their creative abilities

Jean-Luc LAGARDÈRE

BAe Wins Huge, But Tentative, Jet Order

By Warren Getler tional Herald Tribune

LONDON - British Aerospace PLC said Tuesday that it had received a tentative order for 72 of its "Quiet Trader" cargo jets - its entire expected output for the next five years - from Australian-based TNT Transport Group.

The agreement, with a potential value of \$1.5 billion, would be the largest single commercial aircraft sale in British Aerospace's history.

The announcement pushed BAe shares up 20 pence, to 574 pence, in heavy trading on the London Stock Exchange Tuesday. A BAe spokesman emphasized, however, that "these do not yet represent firm orders in our books."

Under the agreement, TNT will retain "a substantial proportion" of the 72 cargo jets, BAe said, It said the remainder would be resold or leased through TNT's subsid-rently \$477 million) in the cargo-jet Airlines.

iary, Ansett Transport Industries project since the plane's launch in Ltd., which it owns jointly with Rupert Murdoch's News International Corp.

The tentative sale has raised BAe's bopes that the new cargo jet can make substantial inroads into the express-freight market, which is currently dominated by small, second-hand, propeller-driven planes.

The turbofan-powered 146-QTs, which sell for \$20 million each, were designed to meet increasingly stringent noise-control regulations

The plane's engines are built by Avco Lycoming, a subsidiary of U.S.-based Textron Inc. Sir Raymond Lygo, BAe's chief executive, said the prospective sale was a major fillip to BA's commer-

Only six 146-QTs have been sold so far, all to TNT. Only one is in service, employed on a TNT nightly delivery schedule linking Scot-land, Northern Ireland, England and West Germany, Sir Raymond said the proposed

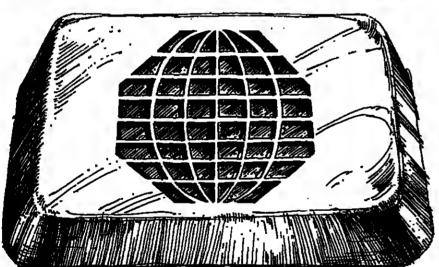
sale would move BAe toward its goal of cutting production costs in civil aircraft by a third within five In March, BAe reported that

1986 earnings fell 34 percent to £84.3 million from £127 million in The 146-QT was developed as a cargo derivative of the BAe 146 four-engined passenger jet that car-

ries 85 to 100 passengers. BAe has received about 90 orders for the passenger jet, mostly cial aircraft division, which has infrom U.S. regional carriers, includvested more than £300 million (curing 24 bought by Pacific Southwest

STOCK INDEXES Growth 19-6-1987 U.S. 37.42 Amsterdam Stock Exchange Republic National Bank of New York

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VOLVO: Automaker Drops Assembly Line, Sweeps Tedium Off Shop Floor

DOLLAR: A Split Emerges on Whether Slump Is Over U.S. Oves Most

said, from the overwhelming bearishness that has dominated the market for months.

Dealers taking a positive view of the dollar cited progress in reducing the U.S. budget and trade deficits, as well as relatively high U.S. interest rates and other argus that the economy is gaining strength. "I think we've seen the lowest

point for this year," said a dealer for an American bank in Frank-furt. "While there are negative factors that will keep the dollar from climbing dramatically, as it did be-fore peaking in 1985, I think we'll see incremental advances bringing it to around 1.90 DM by the end of the year."

Other dealers disagreed. "There is no change in the trend," a dealer for a large German bank said, "It has taken the market several months to push the dollar up a few pfennigs, in a minor correction.

"The basic economic strength needed for a longer-term rise is not there," he added. "What does exist in the U.S. is massive debt that has to be financed and some serious economic dislocations."

By Carl Gewirtz

HAMBURG - Bank settle-

ments procedures, an arcane back-

office function traditionally left to

technicians, have moved up to the

board room as still another risk for

This was made clear here Tues-

day when the heads of the world's

109 largest commercial banks de-

voted half a day of their three-day

annual International Monetary

Conference to the subject. Of the

five separate working sessions, this

was the only one dealing with

Participants were told that the

increasing globalization of finan-

cial markets and the explosion in

the volume of daily transactions

breakdown in the settlements pro-

banking procedures.

bankers to be concerned about.

al Herald Tribune

London Dollar Rates 1,8345 1,5995 144,00 1,5155 6,1195

main the dominant factors in the currency's movement. "On a volume basis," she said, there is more improvement in the trade deficit than shows up on a

dollar basis." The dollar has fallen for seven consecutive quarters, Mrs. McCaffery said. But it will rise in the current quarter from the daily average of the previous three months. showing at least a newfound stability in the market, she said.

"We're seeing more of a mixed market. There are some bulls," Mrs. McCaffery said. "I would say 75 percent of the market is still very strongly bearish."

"It used to be 100 percent bear ish, so that is a change," she said.
"But the basic problems, the trade

"The market went long on dollars and then everyone scrambled to sell because there were rumors the Fed was selling dollars," Mr. Holland said. "It shows how sensitive the bullish sentiment is right now to news and rumors."

The relative strength of the dollar in recent weeks drew B mixed appraisal from bankers and offi-cials attending an international monetary conference in Hamburg.

For Karl Otto Pöhl, president of the Bundesbank, the dollar's performance "confirms that the ad-Markets are making the same assessment and therefore the dollar is

action, with strength breeding pen for many years. strength as speculative short positions anticipating a further decline are closed out.

1.8455 DM, up from 1.8353 Monday, and in Paris at 6.158 French francs, up from 6.1235. It closed in Mary Lynn McCaffery, vice president of foreign exchange for Citicorp in New York, said that the U.S. trade and budget deficits re-

Bankers See Unsettling Risks in Settlements

counterparty. At the same time, bankers made clear that they are still at the stage

of trying to define weaknesses rather than proposing solutions. "Efforts are under way," said E. Gerald Corrigan, president of the New York Federal Reserve Bank. "But the issues are complex, and we don't want to be hasty in com-

ing to grandiose conclusions." Dennis Weatherstone, president of Morgan Guaranty Trust, described the problem as he saw it.

"We now have a huge, complex, interlocking system of national and global markets, operating 24 hours a day, with settlements procedures has raised the systemic danger of a for both cash and securities varying widely among markets, and provi-

cess, whether from a failure in tech- sions for managing risk - and connology or the bankruptcy of a taining problems in the system if cerns that the U.S. economy could they do occur - still in their infan- become subject to the whims of cy." he said.

> A major concern among bankers is the amount of time now taken to sought to play down the change in settle dollar-denominated transac- the nation's position, saying that it tions which, under current procedures get settled in New York at the close of the husiness day.

creation of regional clearing mechanisms in Europe and Asia.

Tuesday denied recent rumors that income and is a primary source of he would join Continental Illinois sluggishness in the world economy. Corp. when his term expires in August. "Fve got no intention of going pan, which has supplanted the to any commercial bank," said Mr. United States as the world's largest Volcker, who is attending the con-ference here. creditor, will see its surplus exceed \$500 billion by the early 1990s.

(Continued from Page 1) exchange at Discount Corp. in New ments overseas, which totaled York.

S1.068 trillion at the end of last

DEBT:

The oew figures confirmed the rapid pace of the country's plunge into deht. In 1982, the United States was the world's largest creditor nation with an investment surplus of \$141.1 hillion.

But a string of record foreign trade deficits bas wiped out that cushion, as Americans have transferred billions of dollars into the hands of foreigners by having im-ported cars, television sets and a multitude of other products.

The country's shift to dehtor sta-tus is directly linked to its delicits justment process is under way. in merchandise trade. The only way the United Sintes will be able to pay off its foreign deht is hy run-But commercial bankers saw the current strengths as a technical re-

Although economists helieve there will be a slight narrowing in the U.S. merchandise trade deficit In earlier European trading, the this year from about \$166 hillion in lollar was fixed in Frankfurt at 1986, it will only slightly slow the buildup of foreign deht.

Economists are predicting that total U.S. foreign debt could hit \$1

trillion hy the early 1990s.

Many economists believe such a heavy debt hurden will reduce the U.S. standard of living as foreigners demand higher and higher interest payments just to service the as much as \$50 billion a year, by some estimates.

Transfers of such large amounts of money to foreigners raise conforeign investors. President Ronald Reagan has

proves bow attractive investment in the United States is to foreigners. Foreign holdings of U.S. Trea-sury securities climbed \$12.3 hil-Mr. Weatherstone suggested the lion in 1986 to total \$96 hillion. pan and West Germany, have long Separately, Federal Reserve complained that the high U.S. hud-Chairman Paul A. Volcker on get deficit robs them of investment

Some economists predict that Ja-

(Continued from first finance page) that more work is performed by teams of workers in the pre-assembly stage, before the parts are loaded onto the slow-moving carriers

weaving through the plant.
At Uddevalla, the work teams will perform an even greater variety of tasks. Volvo officials say that the plant will use a "standstill production" system, with workers clus-tered around a car while parts and materials are shuttled to the work

The cars will be mounted on Kalmar-type carriers, but they might remain at a work station for hours. Volvo workers look forward to the adoption of the new system; in their view, the move away from

assembly-line production at Kalmar has not gone far enough. Worker surveys show that 90 percent prefer the less structured pre-assembly work, even when the pace is faster. to the more regimented assembly tasks on the carriers.

Uddevalla promises an added measure of independence. "We want to move away from assembly line production faster than anyone else," said Peter Borjesson, a 38year-old worker and an official of the Council of Metalworkers

The best guide to Volvo's pro-duction is the two-story Kalmar plant, whose hexagonal, cellular configuration makes it resemble : giaot honeycomh when viewed from above. Its innovative techniques have been copied both by other Volvo plants and other automakers, including General Motors lion,

But the road to success was sometimes rocky. Start-up costs were high and progress often slow. Despite the occasional sethneks. Volvo remained committed to the belief that work teams and a shift away from assembly-line productioo was the right strategy.

Today, that patience seems justified. Over the past five years, Volvo's car operations have posted 20 percent presax profit margins and B percent return on total capital, figures that make it perhaps the the improvement can be attributed most profitable automaker in the to innovation on its shop floors.

Volvo's car division generated revenue of \$5.81 billion last year. The company has yet to report the car unit's profit for 1986, but in world," said Mr. Gyllenhammar. 1985, it reported earnings of \$974 "But oow almost all our plants use

Recalling When Volvos Weren't So Chic

DETROIT - Volvos may be de rigueur among all those young professionals who have flocked to the American suburbs to raise their families, but it certainly was not always that way.

When Volvo AB of Sweden first marketed its cars in the United States in the 1950s, they literally stood out.

The graceless sedans resemhled cars that plied American roads in the 1930s and 1940s, and the company sold only 1,600 U.S. market.

Volvo now outsells BMW, Audi, Mercedes-Benz and Saab in the United States, but has not become the largest marketer of pricy European imports hy being one to emhrace the latest fad. In the 1950s and 1960s, when

U.S. automakers were emphasizing flashy styling, greater horse-power and size, Volvo focused and to 43,887 in 1976. Last year. on durability, function and safe-1v. Its advertising featured testimonials to the longevity of Volvo cars, and how well they protected passengers in crashes.

As a result. Volvo became the

the same systems and, more impor-

base sticker prices in the United

Volvos, which long had a utilitarian image for Americans, are now seen as luxury cars and have become highly popular with young

have improved markedly. Not all of but this clearly bas belped.

12 Manth High Low Stock



cars in 1956, its first year in the Volvo's 480 ES, designed to compete with Japanese cars.

sensible car, the one identified with college professors, urban liberals and those who prided themselves on being immune to the wiles of Detroit's "Big Three." Volvo's U.S. sales growth was slow hut steady, climbing to 25,155 cars to 1966

sales reached 113,267 cars. In recent years, the company has tried to change its sturdy, sensible look to one approaching the luxury-performance image of such high-priced West German cars as the Mercedes-Benz, in

addition to the basic 240 series, Volvo has introduced the larger. more luxurious 700 models, with some priced close to \$35,000.

It has begun to market horsepower, equipping its 740 models, including a station wagon, with powerful turbo-charged engines and five-speed transmissions.

The approach appears to be working. In the first five months of this year, Volvo sold 52,881 cars in the U.S. market. At that pace. 1987 sales would top 125,000.

million on revenues of \$5.48 hil-

One reason Volvo is thriving is that its cars are high-priced, with

States ranging from about \$15,175 to oearly \$35,000.

But an equally important reason for Volvo's stellar performance is that its quality and productivity

"In the early years, a lot of people said Kalmar was for the birds. that it would never work in the real tantly, the same philosophy.' The Kalmar plant, which opened

in the late 1960s and early 1970s. The antagonism toward the business community throughout the practical. West in that period was particular-

ly severe in Sweden, which had full employment, restricted immigraand quality and efficiency declined. Companies also had trouble

recruiting young people.
"It was clear we had to offer workers something besides pay," said Mr. Gyllenbammar, who pushed hard for the Kalmar plant despite opposition within Volvo of small but significant improveand skepticism throughout the in-The something extra was a dif-

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ferent working environment, more varied jobs, greater responsibility for quality and an active role in in 1974, was largely an industrial decision-making. The new ap-response to Swedish social trends proach won praise from Sweden's social liberals, but many in the in-dustry doubted that it would be

For a while, the skeptics seemed to be right By the late 1970s, productivity and quality had slipped, while a weak dollar made Volvo's tion. generous welfare programs while a weak dollar made Volvo's and a liberal political tradition. In cars more expensive in its higgest the Buto industry, absenteeism rose market, the United States. In 1980, Volvo's car operations had a loss of more than \$45 million.

Throughout that testing period, Volvo's management was convinced that the execution of its idea was flawed, not the principle of work teams. And through a series ments, the company was able to significantly improve its quality and productivity.



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26 Organic 59 Rural event 62 Soft drink 63 Seer's card 64 "— Christie' 65 Obliterate

67 Used a saddle

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<u>DOWN</u>

Spain 4 Take exception

5 Expressions of

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plastic 11 Atop 12 Valuable vase

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- 34 Capital of South Yemen 36 A constellation 37 Cord or Oakland 38 Canzone 41 Telencephalon
- 48 Approach 50 Liable 51 Keglers' consolations
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- 58 Lippizaner, e.g. "____ is the 59 spur...": Milton 60 Dye plant

66 Actor Byrnes Louis' O New York Times, edited by Eugene Maleska

21 Hwy.

DENNIS THE MENACE



"HE HAD TO SEE THE EAR, EYE, NOSE AND THROAT DOCTOR!

NONSTREE SERVICES TO THE STREET SERVICES AND THE STREET SERVICES AND S

*MR. WILSON'S GONE TO HAVE HIS HEAD EXAMINED!

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee SOKYM DYSIA

TOSFRY **FLUTIP**

Jumbles: POUND BOUGH FERVIO TALKER What caused the puncture in the tire?— A FORK IN THE ROAD

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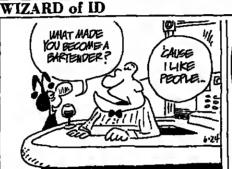








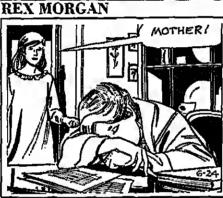




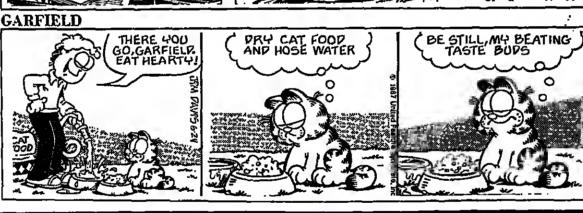
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BOOKS

BABY

By Vassily Aksyonov. 224 pages. \$15.95. Random House, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by Jonathan Yardley

E MIGRATING is something like going to your own funeral. Vassily Aksyonov writes, "the only difference being that after your funeral your nervous system dies down." Aksyonov has experience of the phe-oomenon, having settled in the United States seven years ago after being invited to leave his native Soviet Union; the crimes for which he was exiled were resistance to official literary censorship and resignation from the Writers' Union in protest against its expulsion of two editors. "In Search of Melancholy Baby" is Aksyonov's account of his exile, but though he writes harshly about Russian officialdom, it is not a bitter document; to the contrary, it is an exuberant, affectionate celebration of the United States and of the assimilation process. Aksyonov has lived and worked in Washing-

too for most of his U.S. stay, first as a fellow at the Wilson Center and then as a teacher commuting to Baltimore — at Goucher and Johns Hopkins. He and his wife, Maya, after a stint in Los Angeles, worried that, "if Los Angeles seemed a backwater to us, what would we make of Washington?" The answer was a happy surprise: "We took to the place from the first. Perhaps it satisfied one minor complex from the emigre's bouquet of same. Here on from the emigre's bouquet of same. Here on Capitol Hill, between the Congress and its library, with colonnades competing against trees on every side, you can rocall Saint Petersburg, walking along the brightly painted facades of Georgetown, you can approximate a Britain that still exists; sitting in a sidewalk seed in Demonst Circle you can eatth the unicafe in Dupont Circle, you can catch the universal Parisian spirit. Was it the call of the capital? An imperial imperative?"

Whatever it was, it caught Aksyonov and shows no sign of letting him go. Much of "In Search of Melancholy Baby" is a love song to Washington, celebrating everything from its architecture (!) to its ethnic neighborhoods to its political-journalistic society, in which Aksyonov evidently moves with ease and plea-sure. But it is a love song tinged with an appropriate measure of regret and vexation.

He's not so kind, though, to American culture. "From within," he writes, "I see with mounting astonishment that for all its scope, the American literary, theatrical and cinematic

Solution to Previous Puzzle

AIEIT FIOM DIO

IN SEARCH OF MELANCHOLY establishment has certain traits in common with a general store: preference for the hor item, fear of risk, sheer panic at the thought of

Game

Aksyonov celebrates jazz and wonders at its low prestige in the land of its origin. When he writes about how jazz "in Russia had been the innovation." epitome of America to me," and then observes that "during my first years in America I was shocked to learn that jazz was a rare guest in its homeland." "From the moment I heard a recording of 'Melancholy Baby." Aksyonov writes, "I couldn't get enough of the revelation coming to me shough the shadows." coming to me through the shadows . . . that 'every cloud must have a silver lining.' It is io Russia that he found jazz, in the United States that he continues his quest for the silver lining.

Jonathan Yardley is on the stoff of The Wash-

BEST SELLERS

The New York Times

This list is based on reports from more than 2,000 book roughout the United States. Weeks on list assecutive.

PALE KINGS AND PRINCES, by Robert B: Parker
FINE THINGS, by Danielle Steel
HEIRESS, by Jamet Dailey
WINDMILL'S OF THE GODS, by Sidney EMPIRE by Gore Vidal
THE TIMOTHY FILES, by Lewrence

MORE DIE OF HEARTBREAK, by Saul THE LADIES OF MISSALONGHI, by THE EYES OF THE DRAGON, by Stephen King 9
RED STORM RISING, by Tom Clancy 11
SPHERE by Michael Crichton 15
DESTINY, by Sally Benoman 15
TEXASVILLE, by Larry McMartry 10 NONFICTION THE CLOSING OF THE AMERICAN

MIND, by Alan Bloom _____ with Neil-LYMOR CULTURAL LITERACY, by E. D. COMMUNION by Whitey Strader

A DAY IN THE LIFE OF AMERICA.

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A DAY IN THE LIFE OF AMERICA. THE DIFFERENT DRUM, by M. Soots LOVE, MEDICINE & MIRACLES, by Dentalison : EVERYTHING TO GAIN, by Jimmy and

Rosalyan Careet
CRACE by James Spands
A SEASON ON THE BRINK, by John 13. THIS 'N THAT, by Bette Davis with Mi-Charl Herskowitz
THE FATAL SHORE, by Robert Hughes
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ster)
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By Alan Truscott

by Alan Truscott

On the diagramed deal from the Brazilian Trials, a slightly greedy double helped the former world champion Gabriel Chagas overcome a bad trump split. Against four hearts doubled West led a spade to the king and ace. East had failed to open the bidding and was known to have begun with long, strong hearts, the spade king and, in view of the opening lead, a high diamond. With the ten and leading the.

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International Herald Tribune
PARIS — Tickets for the Denver Broncos-Los Angeles Rams exhibi-tion game in London on Aug. 9 are going quickly and a sellout of the 80,000-seat Wembley Stadium is expected for n second year. But where else outside North America ports the can a fan hope to see a National

Football League game live?

Nowhere, Brian Sipe thinks. 'It's long to be soon,' the former quarterback for the classification, the former quarterback for the classification. The inside linethe Cleveland Browns admitted.
Harry Carson, the inside linebacker for the New York Giants,
pould only agree. "The Giants were
givited to play the Broncos in Lonion this summer," he said, "but the
coach decided be didn't want the

cosch decided be didn't want the firm to be distracted by the travel and planning involved."

In light of the turnout for the fallas Cowboys-Chicago Bears are in Wembley last year, Sipe was asked at a French news confer-nce whether more U.S. teams were considering exhibitions in Paris, say, or Frankfurt or Rome. His mittal answer was that NFL teams night to be interested.

Now he was having second thoughts. "I haven't talked to anyody from the franchises," he said. "What I meant is that the teams would have to look at Europe as a potential television market, which s where the big bucks are. At least I would lock at it that way.

"What I should have said to the French is that If you like NFI football, the league will find out and bring it here. It's a matter of money. But you have to like it a lot. in big numbers."

In 1978, Carson recalled, "the Giants were invited to Mexico City by the Mexican government, all expenses paid, just to hold a training camp. We practiced three or four days, no pads, just jerseys and helmets, and the stadium was full. Thousands of people."

Carson and Sipe were brought to France by the U.S. Embassy and the NFL Players Association to further the sport, and Sipe wanted to end by providing some hope.

"NFL coaches are all pretty much the same in their thinking," he said. "Nobody wants to be taken for an oddball, scheduling exhibi-tion games around the world. But if they're all doing it, nobody could complain. That's the key to it: Lots of international games.
"And why not? When I was with

the Cleveland Browns, we played exhibition games in places like Lincoln, Nebraska, and Stillwater, Oklahoma. The idea was to build up the market. So why not London Paris or Rome?

Why not indeed?

NBA Stars Are to Play 2 Exhibitions in Spain

WASHINGTON — A team of Williams said that before the National Basketball Association draft, "I was really, really nervous, all-stars was leaving Tuesday for a like I am just before a game."

Williams said that before the photo session with Russ, "I m not really surprised," Robinson said. "There's a lot of options open to all-stars was leaving Tuesday for a like I am just before a game." two-game tour of Spain.

The 24-man squad includes such over in the first half-hour of the players as Tree Rollins of the At- draft, he spent the rest of the round ianta Hawks, Rolando Blackman rooting for Bogues and Lewis, who of the Dallas Mavericks and played his college bell at North-Charles Barkley of the Philadelphia eastern, to be picked within the top born, 7-foot center from the Uni-76crs. The NBA stars are to play an 23. When the Bullets announced intrasquad game in Valladolid on Bogues, Williams jumped out of his player in the first round, The Asso-Thursday and a Spanish all-star seat in the interview room and beteam in Puerto de la Cruz, Canary gan slapping high fives with every- In the third round, the Atlanta from Italy, and Franjo Arap Islands, on Sunday.

In the third round, the Atlanta from Italy, and Franjo Arap Hawks chose 6-foot-10, 235-pound 7-1 center from Yugoslavia.



Boston's Dennis (Oil Can) Boyd on the way to a 5-2 victory over Milwaukee in his first start of 1987, after arm trouble.

The Oil Can's Fixed, **And Red Sox Are Glad**

Compiled by Our Staff From Dispatches
BOSTON — The Boston Red Sox have reason to feel good about baseball again after watching Dennis (Oil Can) Boyd pitch for the first time this season

"It's good to be back," Boyd said after allowing only five hits and two runs Monday night in his 1987

BASEBALL ROUNDUP major-league debut. Boston defeated the Milwaukee Brewers, 5-2, in a game called in the eighth inning

because of rain. Boyd threw 82 pitches in an imressive return from the disabled list. Except for three rehabilitation starts in the minors, he bad not pitched since a Florida exhibition game March 25 because of tendinitis in his right shoulder.

Boyd. who left after seven innings, was in a happy mood in the clubbouse after the game was called with reliever Calvin Schiraldi on the mound. "My arm feels good, no pain at

all, no tightening up," Boyd said. He said, "I feel I'm still capable of winning 15 ball games, and those 15 games will be credited to the team. I think I'm a big plus. I can belp the team get going."

It's been a struggle since the start of spring training for the Red Sox, who lost last year's World Series to the New York Mets. Pitching ace Roger Clemens beld out all spring and got off to a slow start; and men like Jim Rice, Dave Henderson and Marty Barrett have fought seasonBoston is 32-37, 10½ games be-hind Toronto and New York in the American League East.

Before taking the mound, Boyd said. "I watched my cartoons to keep my mind off the game." Wade Boggs extended his hitting streak to 23 games and raised his average to 380 with two singles. He

also walked and scored a run in a three-run third.
Athletics 4, Royals 1: In Oakind, the Athletics snapped Bret Saberbagen's six-game winning streak as Steve Ontiveros won his

fourth straight. Jim Eisenreich, in

his return to the major leagues after a three-year absence caused by a nervous disorder, pinch-hit and eoded the game by fouling out. Yankees 7, Orioles 3: In Baltimore, Willie Randolph and Dave Winfield drove in two runs each during a five-run seventh inning to send Baltimore to its 21st loss in 24

Tigers 2, Blue Jays 0: In Detroit, Frank Tanana pitched a five-hitter for Detroit's first shutout of the season and Alan Trammell hit a

bome run for the Tigers. Mariners 3, White Sox 0: In Chicago, Scattle's Mike Moore and Bill Wilkinson combined on a seven-

Angels 7, Rangers 3: In Arling-ton, Texas, the California rookie DeWayne Buice struck out six batters in 415 innings of four-hit relief for the victory.

Cubs 3, Pirates 2: In the National League, in Chicago, Keith Moreland blasted a two-run homer in the ninth for the Cubs.

The NBA Draft Was a Little Man's Biggest Hour

By Michael Wilbon

Washington Post Service NEW YORK - David Robinson decided to pose with Vice President George Bush and play a few holes of golf Monday, rather than come here for the formality of being selected by San Antonio as the No. 1 pick in the NBA's college draft. No suspense there. But later in the first round, the Washington Bullets created lots of excitement.

With the 12th pick, the Bullets drafted a man who, if he makes the team, will be the National Basketball Association's smallest player ever — the 5-foot-3 (1.61-meter) point guard Tyrone (Mugsy) Bo-gues, from Wake Forest.

Bogues helped make history again abour 45 minntes later when his former high school teammate, Reggie Lewis, was drafted with the No. 22 pick, by the Boston Celtics. Bogues and Lewis had played

together at Baltimore's Dunbar high school, along with Reggie Wilfiams of Georgetown. And with Williams having been picked No. 4 by the Los Angeles Clippers, it was the first time that three high school teammates had been drafted in the

Williams said that before the

Since Williams's uncertainty was the city and the people."

when Lewis's name was announcedwas only slightly more subdued. We were all determined, we all

wanted to make something of our-selves," Williams said. "I knew we'd all have productive college careers. But you just can't expect, with all the tens of thousands of players across the nation, that three little guys from one team would wind up going in the first round like this.

"I'm really proud of Mugsy. How long has he been proving people wrong, the people who keep saying he's too small?"

Bob Wade, who coached the three at Dunbar and is now coach at University of Maryland, said: "I'm proud of every last one of them. But for a guy like Tyrone to beat the odds and be the 12th pick of the first round is just fantastic." Monday's proceedings started

off when San Antonio called the name of Robinson, Navy's 7-1 all-America who probably won't be able to join the Spurs for two years because of military duty, if he decides to play there at all.

Robinson got the official word while at Indian Springs Country Club in Wheaton, Maryland, for a charity golf tournament after a photo session with Bush. "I'm not

Foreign Selections

versity of Washington, as the 16th ciated Press reported.



Tyrone Bogues, who is 5-foot-3, shaking hands in New York with another first-round choice, Dallas Comegys, 6-9.

Song Tau of the Chinese national team, and Atlanta did not choose Marchulemis of the Soviet Union, a an American player for the rest of The Philadelphia 76ers took the draft.

Christodoulou of Greece, a 6-8, 210-pound forward; José Antonio Montero, a 6-4 guard from Spain;

Golden State took Cherunas Jock Wallace, a Scotsman. 6-3 guard, in the sixth round. their players to come play in the

said of Marchulemis.

stretching truth a bit to suggest the British are colonizing Spain, But victory in the championship and also the FA Cup and Cup Winners' Cup inside three years. By Friday seven British manag-ROB HUGHES

ers will be running Spanish elubs. Three more work in Portugal. English is back in vogue. Lousy

soccer missionaries, part of the ex-

port package during Britain's em-

pire building, are gathering on the

Iberian peninsula.

linguists, the British may be, but pesetas by the billion are gambled on Anglo-Saxon discipline and rigor transforming the Latins.

Terry Venables set the pace by iding Barcelona to last year's Spanish championship, John Mor-timore has just led Benfica to Porrugal's league and cup double, a feat promptly followed by his re-moval at the whim of a new elub president who wants Carlos Parreira as coach.

Parreira is a winning coach in the United Arab Emirates, but he flopped in Brazil.

Mortimore's next port is Betis of Seville, whose local rival Sevilla is driven by the bell-fire coaching of

In another corner of Spain, John Toshack, former center-forward of We've kind of gotten a feel that Liverpool and of Wales, has won The Hawks then took Theofanis the Russians. . are going to allow an extended contract from Real Sociedad de San Sebastián.

NBA, if possible, after the '88 He has a new challenger, another Olympics," said the Warriors coa- Brit in Basque country. Howard Ricardo Morandoti, a 6-6 forward ch, George Karl. "This would put Kendall abandons English champi dall when his Everton board opted from Italy, and Franjo Arapovic, a the Russian at 24 years of age," he on Everton to tackle declining Athletic Bilbao.

British Managers' Iberian Migration championship marathon. Some of Kendall's men must have suspected Kendall, an astute man who at LONDON - It would be 17 was the youngest player in a Wembley cup final, quits Everton at 41 after leading the club twice to his mind was occasionally in anoth-

begin at noon Wednesday, up to two hours earlier

center court crowd when they stepped out to start

play, after a false start aborted by a shower an hour

three successive Wimbledon titles since the chal-lenge round was dropped in the 1920s, brought

more cheers with acrobane shots, including a win-

ning volley in the second set that he hit with his left

hand after switching the racket on the dead run from his normal right-hand grip.

The 19-year-old West German broke Novacek for a 3-2 lead in the third set on a backhand that

skipped off the net cord and dropped over, leaving

holding serve at love with two aces, a service winner and a backhand drop shot.

In the 10th game, Becker finished the match by

Amid the persistent rain, organizers had said

Monday that they might consider moving the start

of the tournament back a week to try to catch

the Czechoslovak sprawled on the grass.

bener conditions.

Becker, bidding to become the third man to win

Becker and Novacek received cheers from the

He had a contract with two years

Hot-air inflated covers shielding Wimbledon's courts before the rain let up Tuesday

Wimbledon Rain Ends, Becker Wins

WIMBLEDON, England — Boris Becker began his rain-delayed defense of the Wimbledon men's

tennis championship Tuesday with a 6-4, 6-2, 6-4 victory over Karel Novacek of Czechoslovakia.

Second-seeded Ivan Lendl defeated Christian

Edberg, the fourth seed, downed another Swede,

Almost 28 hours after it was supposed to start,

Rain that washed out Monday's play and half of Tuesday's card threatened through the late after-noon but held off to allow the first series of

To accommodate the backlog of matches, offi-

cials announced that play on all courts would

play got under way on the center court and 17 surrounding grass courts at the All England Lawn

Stefan Eriksson, 6-0, 6-0, 6-0. It was the first

whitewash at Wimbledon since the open era of

Saccanu of West Germany, 6-2, 3-6, 6-3, 7-5, and

Stefan Edberg of Sweden won his first match

without losing a game.

tennis began in 1968.

matches to be played.

Tennis Club.

new four-year deal worth more

than any manager in England. Yet Kendall catches the gravy plane to Spain, to sunshine, benevolent taxation, and fanatics who have not - yet - forced anyone to ban their teams.

Kendall dismisses talk of Bilbao paying him 45 million pesetas (\$355,650) simply to sign on. "If all I'd wanted was to be secure," be says, "I could have accepted Everton's very, very attractive offer and jogged along for four years.

But there is that little bit of

ambition in me to go out and work on the continent. That flame of ambition.

An old flame. Last year Kendall was sounded out as a possible replacement to Venables. Venables stayed and when Venables recently signed for another year in Catalonia, be is said to have recommended Kendall to the Bilbao president, Pedro Aurtenetxe.

Imagine what it meant to Kenmillion (\$4.76 million).

"An offer you couldn't refuse?" ment of the pre Kendall was asked. "An offer the Atletico Madrid. elub felt they couldn't refuse," he

Since losing Lineker (21 goals for

selling, he cajoled consistency from life back into the club. 23 players.

er place, another league.

ben 40s

Everton is not the optimum in the grand scale of things. England lost financial viability when its clubs were barred from Europe to run and employers who offered a and Everton's plea for the European Parliament to curtail free move

ment of talent is futile. Not least important was Kendall's desire to be a coach, in the Spanish custom, without burying himself beneath mountains of managerial office work as in England.

Kendall joins a club steeped in British ways (hence Athletic and not Atletico). Bilbao has thrice turned to En-glish coaches, Many years ago Ar-thur Pendand led the club; more

recently Ronnie Allen turned a poor team into Spanish champion. Kendall, given two years to do a similar job, will not achieve it by spending: Every man in Bilbao's seven teams is a Basque. "It takes time to understand the

Basques," observes Toshack in San Sebastián. They are completely different from the other peoples of Spain. In the south they would throw their arms around you, but you really mean nothing to them. Here, once the people understand what you are trying to achieve, they respect you."

Down south, a seventh Englishdall when his Everton board opted man is fishing for employment out to sell top scorer Gary Lineker af- of failure. Sacked last winter by ter the World Cup for almost £3 Manchester United, Ron Atkinson awaits Friday's official announcement of the presidential race at

A club torn to near-bankruptcy by internecine quarrels, Atlenco is likely to vote in a new savior, Salva-Barcelona this season) Kendall dor Santos Campano. He, we are overcame injuries to seven of Ever- told, thinks Atkinson has the perton's team. Cleverly buying and sonality and expertise to breathe

No major English club thought Everton found there was life af-ter Lineker. Yet consider what it all that cuts two ways. Spaniards

SCOREBOARD

Baseball

Major League Standings

ris, Williams (7), Mohorcic (9) and Stanley,
W.-Buico, 3-3, L.-Horris, 2-7, Sy-Minton (1),
HR—Texas, Finician (4),
NATIONAL LEAGUE Tytelen

W L Pct. GS

42 24 418 -
42 37 514 -
37 29 567 4

25 31 530 6

32 37 444 (9½

27 41 434 (4

25 42 1373 14½ 000 860 820-2 B 0 601 860 062-3 16 0 Chicago
Reuschel and Ortiz; Mayer and Sundhers.
W—Moyer, 8-4, L.—Reuschel, 5-4, HRS—Pitt-burgh, Van Styke (9), Chicago, Moreland (12). Major League Leaders GB W L P
37 29
36 32
21ty 33 32
3 32 38
3 32 38
3 32 38
3 32 38
3 32 38
3 32 38
3 32 38
3 32 38 Fost Division

W L Pct.

41 25 .621

38 31 .537

34 31 .537

36 33 .537

AMBRICAN LEAGUE

G AB R H Pct.

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Iden 48 255 51 77 280

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Iden 48 255 34 82 222

Iden 48 255 34 82 222

Iden 48 255 34 82 232

Iden 48 257 34 81 315

Iden 48 268 44 84 313

Iden 49 269 43 81 315

Iden 49 259 45 815

Iden 49 259 45 81

Iden 49 259 45 81

Iden 49 259 45 81

Iden Ryms: Randolph California.52; Boy

Coliteratu. St.; Boyes, Boston, S1; OBrien, Tex18. 48; Ripken, Bolttmore, 48.
RBist: GBell, Toronto, 43; GWurd, New
York, 52; Joyner, Colliterate, 52; LAP-arrish,
Texas, 52; Winfield, New York, 51.
Hilts: Boges, Boston, 97; Puckett, Minneso10, 90; Fernondez, Toronto, 84; Randolph, New
York, 82; Tabler, Cleveland, 82.
Doubles: Tabler, Cleveland, 82; Calderon,
Chicogo, 18; ADavis, Scottic, 17; Boses, Bosfon, 17; Owlevers, Boston, 17.
Triples: Paradley, Scottic, 7; Borena, Tex18. 5; Fernondez, Toronto, 5; Bettzer, Kansos
5; Fernondez, Toronto, 5; Bettzer, Kansos Triples: PBrodley. Seaths. 7: Browns. Tea-cs. 5; Fernoadez. Toronto, 5; Seitzer, Konsos City, 5; Wilson, Korses City. 5. Hosse Russ: GBell. Teronto, 12: McGwire, Ooklond, 22; Barfield. Toronto, 18: LA Par-rish, Teaas, 17; MDovio, Dokkond, 17; Obrien, Teaas, 17. Stoles Bates: Reynolds. Seathe, 24; RHen-derson, New York, 22; PBrodley. Seaths, 22; Resus, Chicago, 20; Wilson, Kansos City, 20.

PITCHING

\$57, 2.32.
Strikeovis; Langston, Scattle, 123; Clement, Boston, 103; Higuera, Mitwauken, 1001
Swindell, Cleveland, 93; MWHL, California, 91.
Saves: Pissoc, Alitwauken, 14; Ji-lowall,
Ookland, 14; Recardon, Aliancaolo, 14; Righetti, New York, 14; Henke, Toronto, 12.

NATIONAL LEAGUE

G AB R H PCL

SD 67 246 49 40 346

SF 66 240 48 88 338

W AH 68 247 58 82 332

gg Mon 61 227 37 74 326

SF 65 242 41 85 324

SF 65 246 31 85 324

Mon 64 251 42 80 316

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Min 68 273 48 80 316 Boston, Baylor 113f. 819 868 886—1 4 1 829 868 824—4 19 2 berry (8f and Golink: and Steinbach, W.—On-NI (81 and Steinbach, W—On-in perhapsen, 12-2, Sv—Howell and, Jackson (81, Philipps (8),

innetL 57: Caleman, S1, Louis, S4; JClark, S1. cinnell, 57; Caleman, 51, Louis, 54; J.Clork, 51.
Louis, 53; Geynn, San Olega, 49.
RBiss J.Clark, 51. Louis, 66; Dawson, Chlosge, 63; EDavis, Cincinnent, 61; Wallach, Montreat, 60; McGee, 51. Louis, 52.
Hits: Gwynn, San Olega, 90; Maldonado,
San Francisco, 68; Hatcher, Houston, 86;
Leonard, San Francisco, 83; OMurphy, Alianto, 82.

Trad. 79.
Trisles: Bonds, Pittsburgh, 6; Samuel, Philipidelphia, 6; Coleman, 51. Louis, 5; Gerynn, 5an Diego, 5; AWIIson, New York, 5; McGes, 51.
Louis, 5; Oester, Cincinnall, 5. Louis, 5: Oester, Cincinnati, 5, Home Russ: Oriurphy, Allams, 221 & Davis, Cincinnati, 22: Dawson, Chicago, 281 J Clark,

Cincinneti, 22: Dawson, Chicago, 281 J Clark, St. Louis, 29; Strawbern, New York, 20; Viroli, Allants, 22.
Stolen Bases; Colomor, St. Louis, 46; EDavis, Cinchnatt, 291 Hatcher, Houston, 35: Gwynn, San Olego, 24; Raines, Montreal, 20, PRYCHING
Won-Loss/Winales Pet/ERA; (5 decisions)—Leach, New York, 5-0, 1200, 249; Magrane, 51, Louis, 5-0, 1,201, 257; Hottman, Cincinneti, 6-1, 257; July Meeds, Houston, 5-1, 252, 6,35; Alexander, Allanto, 4-1, 200, 3,24; McChire, Mantreal, 6-1, 200, 4,50; Trout, Chicago, 4-1, 200, 248. 41, 800, 248

erts: Scott, Houston, 125; Ryan, Hous-STREEGERS: SCOTE FOURTH (25: N° PAR FROEFINGER) 19: FFFTRANCES, N° YORK, 17: FFFTRANCES, CLOS Angeles, 87; Volenzuelo, Los Angeles, 81, Soves: LeSmith, Chicago, 17; Bedroslon, Philadebhalo, 15; Vorrell, 5C, Lossib, 16; Franco, Cincinnati, 14: OSmith, Houston, 13.

Tennis

Wimbledon MEN'S SINGLES

Wos-Lost/Wienies Pct./ERA: (5 decisions)—Berenguer, Minnesolo, 5-0, 1000, 102:
Guetterman, Scottle, 5-0, 1000, 245: Schmidd, Battlymore, 7-1, 375, 2.56; Musselman, Toronto, 6-1, 287, 247; Sabertrogen, Kansca City, 12-2, 257, 2-23.
Strikeouts: Langston, Scottle, 123: Clement, Boston, 103: Miguera, Milwaukes, 1001
Swindell, Cleveland, 93: MWith, California, 91.
Saves: Pleace, Milwaukes, 141: Menke, Toronto, 12.
Jook In Nystrom (131, Sweden def. Henrik Sundstrom, Sweden, 6-2, 6-7, 6-4, 6-3.
Wally Mosur, Auditralia, del. Casala Motto, Brazille, 6-2, 6-4, 6-4.

Wolly Mosur, Australia, oet. Casalo Morte. Brozil, 6-2, 6-4, 6-4. Guy Farget, France, def. Thomas Musler, Austria. 5-4, 6-4, 6-4. Stephen Show, British, def. Todd Witshen, U.S., 6-3, 6-4, 6-3. U.S., 6-3, 6-4, 6-3.

WOMEN'S SINGLES
First Reuse
Lori McNeil III), U.S. del, Morie-Christine
Callela Proce. 6-2, 6-2
Dianne Balestral, Australia, del. Jenny
Byrne, Australia, 6-4, 6-1.
Kyoko Gammah, Janach, del. Patricia Tarabini, Arsentina, 6-1, 6-4.

NBA Draft Selections

Round-by-round selections in the 1967 Na-(loant Baskethall Association draft, beld Mon-day at the Felt Forum, with neight, position and school or country:

FIRST ROUND FIRST ROUND

1, Son Antonio, David Robinson, 7-L.c., Navy.
2, Phoenis, Armon Gilliarn, e-7. f. Névodo-Los
Vegos, 3, New Jersey, Dennie Hosson, é-5. g.
Ohio Stofe, 4, L.A. Citspers, Reggle Williams,
6-7, g-1. Georgetown, *-5. Seattle I from New
York), Scottle Pispen, é-7. f. Cenirot Arkonsos, 4, Socramenio, Kenny Smith, 6-3. g. North
Carolino, 7, Clevelond, Kewir, Johnson, 6-1, g.
Californio, 5, Chicope (from Deriver through
New York), Oten Pohynica, 6-11, c. VirginioRimidal, Italy.
9, Seattle, Derrick McKey, 6-9, I. Alobomo.

Rimidi, Itely.

9, Seattle, Derrick McKey, e-9, I. Alobomo.

10, Chlodge, Harace Grant, e-12, f-C. Cleman.

11, Indians, Repair Miller, e-7, p-1, UCLA-12,
Washinston, Tyrone Bosuce, S-3, s. Wake Forest, 13, L.A. Clissers i trom Houston). Jos Wolf,
6-11, f-C. North Carolina. 14, Golden State, Telits Fronk, 6-12, 1, Western Kentucky. 15, Urah,
Jose Orliz, 6-10, 1, Oregon State, 16. Philodelphia, Chris Wels, 7-9, c. Weshinston.

phia. Chris Wels. 7-4. c. Washinston.

17. Portland, Rounie Murshy, 6-8, s-L, Jacksonville. 18. New York (from Milwaukee Ituroush Seattle), Mark Jackson, 6-3, g. Sl. John's. 19, L.A. Clipsers Them Defroit, Ken Hormon, 6-8, I, Hillings. 20. Deligas, Jun Former, 6-4, g. Alabamo. 21. Atlanta, Dallos Comesys. 6-9, LDePaul. 22, Boslon, Rebyle Lewis, 6-7, 9-1. Northeastern, 23, San Anlande Itrom L.A. Labers), Oreg Anderson, 6-10. c-f. Houston. ["--traded at conclusion at round for dreft sick. no. 81.

SECONO ROUND 24. Detroil I from L.A. Cliepers Through Seaf-fiel . Freddle Banks, 62, p. Nevado-Las Vegas. 25 New York, Ron Moore, 7-8, c West Virsinio Side, 25, Dallas Ifrom New Jersey), Steve Attors, 6-2, p. Indian. 27, San Antonio, Note Blackwell, 6-4, p. Temple. 25, Chicopo Inton Socramente Through Ostroll), Ricky Wins-low, 6-8, I, Houston, 29. Portland I from Cleve and), Lesler Forville. 7-6. c, Jockson State. 36. Partiand (from Phoenix I, Nikita Wilson. 6-8. I. Louislana State. 31, Denver, Andre Moore. 4-7.

() Lovoto, III.

22, Milwoukee Ilrom Seattle I, Boa AucCont.
49. I. Mareneod State. 31, Chicopa, Tony
Wrille, 6-2, d. Tennessee. 34, Indiang. Brian
Rowsom, 6-7, I. Norm Conalina-Wilmington.
35, Houston, Doug Lee, 6-4, d., Purdue 34, Washinston (from Golden State), Duane Washington, 6-4, g. Middle Tennessee State. 37, WashInston, Derrick Dowall. 6-4, f. Southern
California. 38. L.A. Clippers Horom Utah
in rough Detroiti, Norris Catemat. 6-8, Konsae State. 39, Philodelania, Vinceni Askew, 6-4,
6. Milwoukse Ilrom Portlandf. Winston
40. Milwoukse Ilrom Portlandf. Winston Mambhis Siote.
 Milwoukee Tirom Portlandf. Winston Gorland, 6-2.9. Southwest Missourf State. 41.
 Chevatand Ifrom Milwoukeef. Konnerd Johnson, 6-7. I. Western Kentucky. 42. Atlanta (Irom Detroill. Terrance Botley, 6-2.9. Wosner. 43. Philadetonia Throm Doftos Through How Jerseyf. Andrew Kennedy. 6-7. I. Virginia, 44. Atlanta. Terry Coner. 6-3. 8. Alabama.
 Basten, 2rod Langus, 7-0. f. Iswa. 46. Phee

nix (from LA Lakers through LA Clissers and Detroit), Bruce Dairympie, 6-4,9, Georgia Tech. Tech. Terry Williams, 6-7, 1, Southern Methodist. 10A Washington, Patrick Fairs, 6-5, 9, Teaas. 107, Utah. Bart Kolved, 6-5, a. Koarney State, Nob. THIRD ROUNG

Basketball

THERD ROUND

47, L.A. Clippers, Tim McCollister, 4-3, s.
Oklahome, 48, New Jersev, Jamie Walter, 4-4, s. Virginia Union, 49, New York, Jerome Botiste, 4-9, f. McNeese State, 50, Son Antonio.
Phil Zevenbergen, 6-10, f. Woshington, 51, Socramento, Svan Merver, 4-11, e, Oregon, 52, Cleveland, Oponala Reval, 4-7, f. Notre Dame, 52, Phoenix, Winston Crile, 6-7, f. Texas A&M. 53. Phoenix, Whiston Crile, 6-7, 1. Texas ABM, 54. Denver. Tam Schofer, 6-7, f. Iowa Stale, 55. Seaftle, Tammy Amater, 6-0, a. Dube, 56. Chicago, John Fey, 6-7, f. Allitersville, Pa. 57, Philoderphia (Trom Indianar), Honss Gned, 6-10, c. Alaske-Anchoraya, 58. Golden Stats, Darryl Johnson, 6-2, g. Allethgan Stats, 59, Washington, Danny Pearson, 6-6, a. Jacksonville, 6-0, Indiana I Irom Hoystonf, Sean Couch, 6-17, g. Calumbia, 4-1, Uran, Clarence Martin, 6-8. f. Western Kentucky, 82. Philodelphia.

6-8. C. Western Kentucky, \$2, Philip Cric Riggins, 5-7, f. Rubsers. CTIC Niggins, 6-Y, I, Nomers.

62. Portland, Kevin Gombia. 6-4, 9. Iewa. 64,
Allyroutee. J.L. Weber. 6-7, (, Wisconsin. 65,
Detroil, Eric White, 6-8, 1, Peoperdit. 6, 64, Ooltos, Mike Richmond. 6-9, 1 re case El Poso. 67,
Atfonio, Sone Tou. 6-9, 1, Ching. 68, Urbh thom Sosion), Silly Donevan, e-0, g. Providence, ef, LA. Lakers, Willie Glass, e-4, f, St. John's.

FOURTN ROUND
70, Bossph (from L.A. Cilpvery), Tom Shee-hey, 4-7, f., Virginia, 71, New York, Alike Mon-gan, 6-6, C. Druke, 72, New Jersey, Andrew Aglen, 6-8, g. Florida, 73, San Antonio, Todd Mary, 6-E. I. Pikaville, Ky. 74, Socramenia, Joe Artouckas, 6-L. f. Niapara, 75, Cleveland, Chris Dudley, 6-10, c. Yala, 76. Phoenix, Steve Beck, 6-1, 9, Artzono Store, 77, Denver, Dovid Books

102, Chicago, Anthany Wilson, 6-4, a. Louistana Stote. 103. Indiana. Mike kateury, 6-6, i. North Carolino Charlatte. 104. Houston. Andre La-Fisur. 6-3, g. Northeastern, 105. Galden State,

(09. Portkand, David Mess. 8-7, 1. Tulsa. 110, Alliwoukee, Britan Voustms. 6-8, 1. Cal-Sanha Zarbara. 111, Detroit, Gerry Wright, 8-8, 1, Jawa. 112, Dolice, Sam Hill, 8-4, 1, Jawa Stote. 113. Altente, Jose Anionio Moniero, s-4, g. Spoin. 1(4. Baston, David Butler, s-7, f, California, 115, L.A. Lakers, Kenny Travis, s-2 g. Ner Mexico State.

SIXTH ROUNO

116, L.A. Cilipoers, Martin Nessiev, 7-2, c.
Duke, 17, New York, Howard Triche, 6-4, j.
Syrocuse, 118, New Jersey, Perry Bromwell,
6-1, 9, Pennsylvania, 119, Son Antonia, Ricky
Brown, 6-8, f. Sauth Alabama, 120, Socramenta,
Daryt Thomas, 8-7, f. Indiana, 127, Clevaland,
Horold Jensen, 6-5, g. Villianova, 122,
December 110, Pennsylvania, 14, f. Alabama, 110, December 110, Pennsylvania, 120, December 110, Pennsylvania, 110, Pennsylvani ver. Kelvin Scorporough, 4-1, g. New Maxica

ver, Kelvin Scorborough, 6-1, g. New Mesko.

124, Seottle, Tom Gnelting, 6-16, c. Brigham
Young, 125, Chicogo, Doug Alfenberger, 6-4, g.
Hithols, 126, Indiana, Gary Oraham, 6-4, g.
Nevodo-Los Vegas, 127, Golden State, Chersnace Marchulents, 6-3, g., Soviet Union, 128,
Washington, Dwavne Schotlen, 6-9, I., WashIngton State, 129, Housign, Fred Jenkine, 6-4, g.
Tennessee, 138, Uton, Art Sobb, 6-4, g. BloomHeld Cottago, N.J., 131, Philiodolphia, Tracy
Foster, 6-4, g. Alabama bir mingham.

137, Partiend, Reconting Angleson, 6-1, g. Lave-132 Partiand, Bernaro Jackson, 6-3, a. Lava la, 111. 333, Milwaukee, Gay Elmore, 6-5, f, VM) ia, III.) 33, Milwaukee, Goy Elmorce, 6-5, I. Van., 134, Detroit, Antoine Joubert, 4-5, 9, Michigan, 135, Dailes, Oulnian Gates, 6-7, I. Tayas-El Pasa, 136, Allonig, Ricardo Morondott, 6-6, I. Italy, 137, Boston, Tim Moegeti, 6-7, Wisconsin-Stevens Point, 138, L.A. Lakers, Fronk Ford, 6-4, 9, Auburn.

78. Settle, Todd Linder, 5-7, I, Tampa, 79, Chicaya, Jock Haley, 5-10, C. UCLA SQ, Clevelard Lirom Indianal, Corven Holcombe, 6-5, s. Teaca Christian, 81, Weshinston, Joe Nisgo, 6-8, g. Levis, III. BJ, Golden Stale, Benile Botton, 6-8, I, North Corolina, Stale, Bd, Urah, Revisen Heimes, 6-11, L, Alaboma Stale, Bs, Philadelantia, Brian Runtilly, 6-11, I, Tulk, 5-1, Hilledelantia, Brian Runtilly, 6-11, I, Tulk, 6-11, I, Tulk

must have taken to motivate such a don't put much faith in their own, turnover of players to win the do they? BLANCPAIN



Since 1735 the oldest name in swiss watchmaking. But don't expect to find a quartz in a Blancpain watch. You won't. And you never will.



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have been met.

Monday's Line Scores

CRIS.

.

Upstairs, Downstairs

NEW YORK — The Goetz in their first response to the Goetz in their first response to the Goetz verdict, said they feared it would crument.

City has failed for years to provide normally dangerous life of young its subway passengers with ample black men even more perilous. protection against violent assault. A generation of newspaper stories about subway riders robbed, beaten, raped and killed has recited the The city's problems are too hard details of this failure ad nauseam.

New Yorkers lacking a zest for racial stew too intense for New adventure abandoned the subways York ever to be as peaceful as a long ago and even bolder citizens small town in Indiana. tended to look for buses once night

but nonetheless ominous, of the done if people in charge wanted subway as a danger zone.

New York reinforced the riders' illusion of venturing into no man's land by sealing its token sellers inside bullet-proof booths and letting subway stations and trains become eloquent symbols of impotent government.

It was easy after awhile to go from the sane realization that the government wasn't doing a very good job down there to the paranoid's conviction that nobody overhead cared what happened to you down there so you'd better be ready to make your own law.

also failing up on the surface. Sta-tistics showed that 9 crimes out of 10 brought no arrests and that the that, they are for life's losers. few who did get caught rarely went

bred public paranoia about the bring down upon the proposer the subways, and the city's ho-burn refury of every New Yorker who besponse to the conditions contribut- lieves that a life without a limouing to this paranoia lacked only a sine is a life of failure. gunman seething with grievances

Nobody who wants to run things
about the failure of justice to give in New York, or just to get into a us the Goetz affair years before coovenient position for slurping up Bernhard Goetz picked up his gun the gravy, is going to make much

cure the safety of the people, or, as about billion-dollar killings in real the U.S. Constitution puts it, to estate, not domestic tranquillity. "insure domestic tranquillity" and "provide for the common defense."

City has failed for years to insure bad, though, Keeps their minds off mestic tranquillity in the sub- tax abatements for oew skyscrapways, and it hasn't been much good ers. at insuring it above ground either,

ing that many black New Yorkers, The government of New York armed in the streets, making the

It will be said that New York City's government cannot possibly insure the domestic tranquillity. the passions in such an ethnic and

One trouble with New York is that this argument, for which there As the city's underground failure is something to be said, is constantbecame obvious, subway users de- ly trundled out as a feeble excuse veloped a sense, possibly distorted for not doing things that could be

> The New York subway is a typical case. New York chest-thumpers are awfully good at bellowing "greatest city in the world," but mighty quiet when asked why it cannot support a deceatly civilized subway system as great cities like Paris, London, Toronto and Moscow manage to do.

The answer is that people with power in New York have contempt for subways. Subways aid business by distributing the clerks down to Wall Street and the salespeople In fact, though, government was through midtown in the morning rush hour, then redistributing them homeward at twilight. Except for

A proposal to spend the sums that would now be necessary to make New York's system perhaps So the city government's failure half as good as London's would

and took a ride on the IRT.

One fundamental reason for the existence of governments is to se-

White people and black people screaming at each other about how The government of New York monstrous it is down there isn't all

New York Times Service

Vietnam, According to Stanley Kubrick

By Francis X. Clines New York Times Service

ONDON - The reassuring thing about Stanley Kubrick is that after being deep as Yahweh in the creation of one movie for the last five years, he emerges gentle and curious on the seventh day, saking about beer commercials and envying silent-film mak-ers and recalling the pleasures of Manhattan's old Thalia movie theater.

"Have you seen those Michelob commercials?" he asks as if they were samizdat, speaking of the 30-second spots that came uninvited with the Giant football game videos that his sister sent the eminent director all last winter from New Jersey. Then, he had no time to spare for watching anything beyond his own work in progress and a weekly fix of football. They're just boy-girl, night-fun, leading up to pouring the beer, all in 30 seconds, beautifully edited and photographed. Economy of statement is not something that films are noted for."

Sunday morning at Pinewood Studios seems sepulchral in the empty executive offices, as quiet as Hal's deep-space murder scene in "2001," an awful setting to encounter one of a kind. But Kubrick arrives rumpled and lone as the night watchman, offers a simple hello, accepts the fact that he cannot direct the phone to work properly, and settles down to discuss movies and imagination and his own new work.

"It starts with being excited by a story and finally it's telling the story on the screen," he says, speaking of the process of direct-scarching for a good tale that susing. "It goes from the most wooderful literary atmosphere to desperation. It can be as crude as standing up and writing on the back of an envelope when some-one's just said something and it's reciting the confiteor or handi-4 o'clock with the winter sun fading. You've got to shoot it and you're trying to exploit something that's just come up. It's like a quarterback calling an automatic play when he sees the defense he's

His new movie, "Full Metal Jacker," a story hinged on the trauma of the Tet offensive in the Vietnam War, is completed and minutiae of how does a footstep opens in New York on Friday, sound on the sound track when Beckton, an old 1930s-gasworks you're remixing the film."



Matthew Modine as Private Joker in "Full Metal Jacket," new film by Stanley Kubrick (right): "That first impression is the most precious thing you've got."

town abandoned on the Thames, has been destroyed by Kabrick's a signature movie about that war, technical artists, all fiery and pocked as Hue, the Vietnamese he says. He was reading the Virginia Kirkus Review, as be usualcity of the movie's climax. The movie is literally only

read a copy.

hours old in Kubrick's finished perfectionist version, and far from talking 1980s box office or 1960s jabberwocky about his personal agony through the nation's Vietnam experience, Kubrick is describing being true to the initial emotion that struck him when be first found this story. That was tains the imagination.

Staring carefully as a question is asked, Kubrick speaks with his right hand rubbing his brow, ofcapping the next race.

That first impression is the

most precious thing you've got, you can never have it again — the yardstick for any judgment that you have as you get deeper and deeper into the work because making a movie is a process of going into smaller and smaller detail and finally winding up in the minntiae of how does a footstep

No, he had no craving to make ly does, looking for stirring fiction about something, anything that might promise a stunning translation to film and he came upon a novel, "The Short-Timers." He

"I reread it almost immediately and I thought, This is very exciting, I better think about it for a few days.' But it was immediately apparent that it was a unique, absolutely wonderful book," he says about the novel, written by Gustav Hasford, a former Marine combat correspondent whose of-fering resembles a memoir of the pellucid and the ravaged as much as the naked and the dead. The screenplay is by Kubrick, Has-ford and Michael Herr, author of Dispatches," a memoir of the Victnam War.

"Full Metal Jacket" is a reference in military bureaucratese to the rifle cartridge that is the field ammunition of the basic Marine Corps fighter-killer. The movie is blue with death and madness but also characteristically balletic at times with Kubrick's forensic eye, particularly in the initial boot camp scenes where men are

shaved raw for war. The chorustype character, Private Joker, played by Matthew Modine, traverses the war diagonally, encompassing the propaganda mill of the combat correspondents and the sudden, all-hands combat duty of the Tet offensive by the North Vietnamese. This is an event that shreds the jingoistic romance of the war and makes an

unlikely killer of Joker. Kubrick works hermitlike for years oo a picture, searching out a story, writing a script, producing and directing all the way down to, lately, the search for good foreign writers, actors and directors who might not spoil the work for him in the four main movie dubbing markets. His choice of subject matter for a new film is enough to fascinate buffs who have bounded with him across 30 eclectic years from "Paths of Glory" to "Spartacus," from "Lolita" to "Dr. Strangelove," from "2001: A Space Odyssey" to "A Clockwork Orange," from "Barry Lyndon" to "The Shining."

"I'm happy with the picture," he says in this period of pause when he will catch up on 18 months of missed movies, good and bad, and read as ever with the

"My films have all had varying critical opinion and it's always been subsequent critical reaction that settles the scores." :

At 58, Kubrick has been involved in making movies for 35 years, a physician's son who became a relative adventurer from the Bronz, dropping from formal education to become a photographer for Look magazine, then moving to motion pictures where he has mastered the basic phases. from writing to financing and reigns as a bookish autodidact of repredictable curiosities. He dislikes Los Angeles, feels New York is technically limited for filmmaking and so finds London the place to work and raise his family in satisfying privacy.

"Just keep at it," he says of his work habit of plunging into the making of each film, analyzing each approaching day's move well into the night before, much like the masters of Kubrick's beloved avocation, chess. "Chess is an analogy — it is a series of steps that you take one at a time and it's balancing resources against the and in movies is time and moncy," he says.

Kubrick talks of movies not as Ahah stalks the whale but as a physicist might toss and catch lewton's apple.

"I have a feeling that no one has yet really found the way to tell a story to utilize the greatest po-tential that films have," he says. "I think the silent movies come closest to it because they weren't trapped in having to present a scene which was essentially a stage type of scene; movies con-sist of little play scenes." He sounds gentle toned, as if he were not discussing the heart of his

As he talks, Kubrick suddenly puts his envy of the silents on a track parallel with his curiosity about the 30-second Michelob spots. "The best TV commercials create a tremendously vivid sense of a mood, of a complex presenta-

"Some combination of the two might work," Kubrick says, braiding a fantasy that seems to feeling that no one has begun to hope of finding another story. do what a movie could really do."

PEOPLE

George Abbott in Form At His Own Centenary

"One hundred seems to be a very lucky number," said George Ab-bott. "One of the great things is that everybody loves you." The entire theater world seemed to be expressing love for Abbott at a gala 100thbirthday party for the producerdirector-writer-actor in New York's Palace Theater. The celebration brought together dozens of theater people who have worked with Abbott, a handful of family members, and 1,600 guests. Accolades were offered by many alumni of George Abbott shows, including Helen Hayes, whose performance in Abbott's "Coquette" 60 years ago was a career milestone; Harold Prince, whose career began as Aba.' bott's office boy 39 years ago: Garson Kanin, the writer and director who was Abbott's assistant director in the mid-1930s; Jerome Robbins, who co-directed "Pajama Game" with Abbott 35 years ago; the lyricists Betty Counden and Adolph Green, and Donald Saddler, a choreographer and long time collaborator, who is doing the musical staging for a revival of Abbott's 1926 melodrama, "Broadway." Earlier, at his office, Abbott allowed that the theater had changed considerably since he made his Broadway acting debut in 1913. Every hit in New York now is a produce shows for \$15,000, which meant there were a lot more suc-

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The new Earl of Wharncliffe is planning to visit the family seat in northern England this summer during a vacation from his job as a Maine construction foreman, American-born Richard Wortley, 34, upon learning of the former earl's death, suggested he might de-cline the title. But he has since learned that he is the earl whether he likes it or not, "It is not a matter of accepting it or not. It's a matter of declining it if I didn't want to have anything to do with it. I'd hate to break the tradition," he said.

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